JPRS 78080

19 May 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2109

FBIS FOREIGN BROADCAST INFORMATION SERVICE

[redacted]

[redacted]

[redacted]

EAST EUROPE REPORT

Economic and Industrial Affairs

No. [illegible]

Contents

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] Production Speeds in Bangkok Beach Resorts

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

RAILROAD GOALS FOR 1985 STRESS EFFICIENCY, ENERGY CONSERVATION

East Berlin [illegible] in German Vol 18 No 1, Jan 85 signed to press [illegible] pp [illegible]

[Article by [illegible], [illegible], deputy general director, German Railroad System: "The Tasks of the German Railroad System in 1985"]

> [Text] At present, all the women and men working in our republic, under the guidance of the party organizations and political organs, are preparing for the [illegible] Party Congress by way of great achievements for the all-around strengthening of socialism in the GDR.
>
> On the basis of the "Program of the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] of living of the people in the future as well.

Demanding Tasks Set

The further intensification of our economy with new, greater, and even more demanding goals for 1985 [illegible] [illegible] [illegible] further increasing the efficiency of the railroad system. [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] the most efficient use of the social product in capacity.

The path to this end was clearly indicated in the rationalization conference on the transport system which took place on [illegible] October 1984.

In 1985, the increasing of the efficiency of the DR [GDR Railroad System] in all sections, areas, and offices is to be concentrated

-- on completely meeting the economically necessary transport requirements,

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Working With the Active Stock of Freight Cars--Cooperation With Industry

Despite the input of considerable capital expenditures in the [illegible] years, for the acquisition of new freight cars and for the enhancement of [illegible] and [illegible] of the rail [illegible] the nation's economy increasing transport needs [illegible] as more and more to make use each year of [illegible] freight cars the [illegible] for the growth of our service. By the constant adapting of the legal [illegible] to the transport [illegible] to the [illegible] requirements, these circumstances have been taken into account.

In CSR as well, one of the most important tasks of the railroad workers must lie in taking advantage--[illegible] and with a high degree of national discipline--of all opportunities for intensification which are presented by way of the legal [illegible]. Checks which were carried out in 1983 have shown that the same high standards for work do not yet apply everywhere. Therefore the following objectives should be implemented:

-- Continuity in making use of the transport capacity--especially on weekends--is to be improved further.

-- For the optimal utilization of the freight cars, the best performance of individual operations are to be applied generally.

-- The opportunities which are presented by the shortening of the statutory and prescribed times allowed for loading must be utilized even more constantly. Through good cooperation among the railroad workers of the traffic and the operational service, it is to be ensured that the requirements set by the transport customers also become operationally effective with respect to turnaround times.

-- In agreeing on and using special checking procedures, the regulations applicable to these are to be adhered to exactly.

-- In decisions about applications for exemptions from night unloading, a more strict criterion is to be applied. When the corresponding prerequisites exist, operations having branch feeder lines are to be obligated to unload at night in the loading-unloading yard when there is not adequate lighting at the junction. We are to give instructions for the creation of an adequate lighting in these areas.

-- The measures stipulated by the ZTA (Central Transportation Committee) for improving the weight-clean condition and fitness for use of freight cars are to be implemented rigorously.

The uninterrupted loading and unloading of the freight cars is as much as ever an important prerequisite for an efficient utilization of these valuable basic assets.

of great importance to an efficient use of the freight cars is the continuing further development of cooperation with industry. Besides a number of general coordination agreements which have been concluded with individual sectors of the economy and whose adaptation to the current tasks seems to be an ongoing task, the use of the Reverse-Stockwork method produces good prerequisites for raising labor productivity and increasing performance at the transport interfaces. To an increasing degree it has proved possible to open up significant reserve capacities in the utilization of the freight-car fleet, to economize on capital expenditures and manpower, and to improve the working and living conditions of the working people.

Under socialist teamwork, the workload has been increased, the durations of stops have been reduced, car damage has been lowered, and the repair work has been improved.

Extensive services have been taken over through the using of tractive units and switchyard personnel by the enterprises.

In past months, this development has shown clearly that with a rigorous implementation of these extend-site agreements, further reserve capacities can be opened up for the economy of the GDR.

On the basis of resolutions by the SED Central Committee and the Council of Ministers, methodically and in concert efforts are being increased to heighten further the effects from the intensification of regional "schwerpunkt" cooperation, to the benefit of the national economy.

Now it is our task to use this working method extensively and with similar rigorousness to establish or deepen these jointly-made regional technological relations in all regions of application, in order to further increase their economic effects and to make them systematically effective to the fullest extent.

In this connection, it is important above all:

-- to agree on entraining techniques which conserve on freight-car space,

-- to incorporate into the timetables the measures laid down for speeding up car deliveries, car collections, and the loading process,

-- to increase the conveying of the cars in through-freight trains (with specific loads and one or few points of origin and destination),

-- to implement additional measures for reducing damage to cars,

-- to further increase the repair capacities for freight cars on the basis of repair agreements,

-- at the interfaces, to further cut down on manpower.

If we in the railroad system succeed in increasing the extent of utilization of the freight-car rolling stock of the DR by 1 percent, this will be equivalent to a daily additional loading of 13,000 tons.

the load of operating up the car homogenized time prior to a daily loading capacity of 6,700 tons. Moreover, a reduction of damage to rail by 1 percent corresponds to a loading capacity of about 11,000 tons/day.

The three-dimensional method also previously at three times, which are of such great importance economically.

Effective Transportation Use—"Wheels on the Road"

The efficiency of the DB locomotive until fleet is measured on the basis of its availability—that is, the percentage of that serviceable portion of the operational fleet which is available for transport tasks and reserve formation.

Thus a high efficiency in transportation can mean shortcomings, with a minimal fleet requirement and a low specific energy consumption, high transport services are achieved with a low proportion of locomotives.

The 102-percent over-fulfillment achieved in train haulage work in the 1980 planning year is thus a good starting basis for the 1981 planning year. By means of a greater extent of utilization of trains of about 1 percent, at the same time an increase in the utilization of the trains as measured in gross ton kilometers/fte and day can be achieved. The expected relatively high share held by traction units in accumulated down times in the locomotive light repair and maintenance shops, with an exceeding of the planned value by 1 percent which amounts to about 80 to 80 fte per day, shows how much reserve capacities are still present for utilizing the basic asset of traction units. It is essential to take advantage of this in fulfilling the 1981 transport plan.

Even though in the sector of making traction units available it has proved possible to lower the level of servicing, above all in connection with internal-combustion traction, nevertheless there is still too large a difference in levels even among the individual fte branches.

It is essential to further reduce this difference through purposive measures, for the sake of stability in servicing and thus a greater availability of the fte fleet.

In 1981, the DB has 8 million tons more of goods to transport compared to the 1980 plan. With a simultaneous increase in the extent of utilization of the freight cars, this amounts to almost 800,000 2-axle freight car units more which are to be run with the same input compared to 1980. That is an increase in the transport work of 2.5 percent in terms of gross ton kilometers, which is to be accomplished with a lower input of traction units and a smaller specific consumption of diesel fuel. Here, the planned value of 6.80 tons of diesel fuel/10^6 gross ton kilometers is a substantial objective.

Within the framework of intensification through purposive measures to improve the technological processes in transport operations, our job lies in creating the prerequisites for energetically fulfilling the tasks set and for implementing them from the very first day. In this connection, the analytical work is to be improved further above all. We must see to it that the valuable observations

[illegible]

[illegible]

[illegible]

[redacted]

[redacted]

[redacted] to Sugarman No 1, Feb 91 pp 1-8

[redacted] to Dr [redacted]: "The Operating Conditions and the Internal Management Forms of Large Enterprises."

[illegible] The experience of the past period shows that while significant changes have occurred in the economic and internal conditions of our industry's operations, the internal guidance and decision hierarchy around and the internal organizations have not developed to an adequate extent, and that we are in danger [illegible] A significant role is played in the mechanisms of the internal enterprise management system in that the enterprises can only achieve stability and gain efficiency in different economic conditions and in market demands, and that programs to participate in the planning and exchanging internal resources and running efficiently. In regards further basic developments of the internal management system in the enterprises in order that the operating and developing capabilities of the industrial enterprises against competitors, our economic organizations facing more competition, and management efforts have benefits in present conditions, and have favorable circumstances change for the development of plant industry.

Before reviewing the management structure in the large enterprises, let us consider the advantages of this organizational form and those conditions which decrease the disadvantages of more efficient operations.

Disadvantages to the Operation of Large Enterprises

Large enterprises play an important role in our industry. In 1988, enterprises employing more than 1,000 persons manufactured 63 percent of production in state industry, including 91 percent in the medical industry.

But compared to international standards, most of our large enterprises do not seem as really large. With a few exceptions, we do not have an economic organization which could match the dimensions of enterprises competition at the international level. The investigation shows at the same time that countries of our size and even smaller actually have large operating enterprises.

We do not have reliable proof to judge the enterprise size and long influence the efficiency of our large enterprise operations, but we can put together the advantages and disadvantages of the large enterprise form on the basis of practical experience.

[illegible]

[illegible]

[illegible]

—the productive structure of the enterprise, the technical or technological level and the extent of [illegible] of the production organization;

—the [illegible] of the enterprise.

External factors:

—the economic policy and industrial policy goals in respect to a given area;

—the forms and methods of economic guidance as being realized in a given area;

—other elements of the external economic environment.

Various high-level resolutions in the past decade have called attention to the [illegible] of developing enterprise management. [illegible] in 1977, on the basis of [illegible] [illegible] and [illegible] of the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] of the [illegible] management system [illegible].

Situation of Certain Functions in the Management System

The planned system of enterprise management and development depends to a significant extent on how each basic function of enterprise management operates, like enterprise planning and the economic and commercial functions system. These enterprise functions [illegible] of the function.

Annual and operational planning continues to be in the foreground of the enterprise planning system. In the activities of the production management processes these plans fulfill a direct and important role, and their achievements are [illegible] the annual plan.

The basic weakness of annual enterprise planning is that many enterprises have still not realized adequately in their annual plans the requirements of product structure modernization, technical development, the discovery of reserves, and efficiency growth in general. But besides the enterprise weaknesses, an essential role is played in this by the fact that the economic regulation cannot [illegible] [illegible] that are necessarily short term and cannot satisfactorily indicate to the enterprises the [illegible] requirements of economic policy.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

In certain elements of the internal enterprise incentive system, some improvement is evident in the case of certain enterprises. The vast majority of the managers of large enterprises and factory units are aware that the internal incentive systems generally operate at a rather low degree of efficiency. In our experience, the main reasons for this are the following:

--The internal accounting system at some of the large enterprises is underdeveloped. They have not developed, even where this was possible, the methods for separate measuring and booking of the factory-unit results and expenditures.

--These performance indexes--on basis of which the large-enterprise center judges who gives incentive to the activity of the factory units--are frequently difficult to review for the factory units, the indexes are often not able to give a consistent requirement system regarding the deficit nature of the incentives and factory-unit profits linked to partial indexes in the incentives. In the incentive system linked to many partial indexes, they also do not regulate the extent of the fulfillment of the indexes to the magnitudes of targeted premiums, shares and wage increases.

--But the low efficiency of factory-unit incentive can be attributed only in part to problems of methodology. We have seen at a number of enterprises that the separate measuring and booking of the results of factory units that operated once as independent enterprises has been solved well; nevertheless, the enterprise management does not link serious incentive to the factory-unit results. Most of the internal incentive systems do not differentiate or pay adequately, and thus they do not give incentive to good factory-unit achievements. Largely even distribution and leveling in the sharing fund and in wage development are frequent.

Independent Accounting Within the Enterprise Strengthens the System

The basic system of the internal guidance system in large enterprises is that in general it does not adequately ensure the managing independence and incentive of the detached factory units. This weakness plays an important role in the fact that the factory units do not adequately sense market and environmental effects and requirements, that they do not show adequate incentive and that the adjustability of the large enterprises lags behind the possibilities and the requirements.

The large enterprise management system should be further developed by having it adequately provide for the managing independence and responsibility of the geographically detached factory units as well as in the results of its incentive, managing and development activity.

At the large enterprises, we need to strive for a combination in the centralization of internal guidance and decision functions which will provide for the most favorable possibilities between the enterprise's internal endowment and environmental conditions for the development of its entire operation. To secure enterprise operation, certain--primarily strategic--guidance functions and decision-making areas of authority should be exercised at the enterprise level. Another part of the functions and the areas of authority--chiefly of an operational nature relating to current production--should generally be located at the factory-unit level.

But many enterprise guidance functions and decision-making areas of authority can be centralized or decentralized depending on the external and internal conditions of the enterprise. In locating these decision-making areas of authority, the most purposeful

solution should be achieved by taking the enterprise economic and organizational principles as the base for the given enterprise.

Every enterprise must realize basic requirements of distribution in the decisionmaking areas of authorities so that:

--the economic decisions will be at the most favorable level from the viewpoint of information and incentive;

--the zone of every worker is decided on where his work and attitude are best known and can be evaluated;

--also in locating the decisionmaking areas of authority, the development of workers initiative should be promoted, as should their active participation in the guidance and supervision of economic processes;

--at every level and element of internal enterprise guidance, the area of authority and responsibility should be in harmony.

Considering the situation of the internal guidance system of the enterprises, it is necessary at present to increase in general the economic independence of the factory units, primarily at the geographically detached larger factory units of the large enterprises with a horizontal production structure. The large enterprise centers must pass down those operative and administrative-type partial functions and areas of authority which can be handled at the geographically detached factory units--with appropriate apparatus--in a decentralized way, more rapidly, more flexibly, and with less paperwork.

In order to promote increased utilization of experiences in the growth of the economic role of factory units, the practice of recommendation and opinion-giving must be developed. For factory units in many partial functions and subject areas, it is procedurally advisable to grant the right of recommendation and opinion-giving in relation to enterprise-level decisions, and it should be made possible for them to participate directly in the preparation of the more important enterprise decisions which affect them.

With a justified decentralization of the areas of authority and an investment of some decisionmaking rights at the lower levels, more favorable conditions will be developed for making decisions because the decision points will be located where the information provisions are the most favorable, where the running-in time for decisions and cases is reduced, and at the same time the top-level enterprise management is freed from many operative tasks, and it may become possible that the enterprise management can deal more seriously with strategic questions of the enterprise's development.

The rearrangement of areas of authority and an increase in the independence of factory units can be realized successfully only if the enterprise management attends to the conditions that are appropriate thereto. One of the basic conditions of decentralization is to raise the level of factory-unit management. The factory-unit managers must be prepared to tend to greater tasks, and thought must be given to their training and continuation training. In some cases it may become necessary to redirect specialists from the enterprise level to the factory units.

An increase in the independence of the factory units, their investment with certain managing functions frequently make it necessary qualitatively to strengthen the factory-unit department apparatuses. The factory-unit management can exercise the increased area of authority successfully if the functional organs of the factory unit attend appropriately to the task of preparing the decision, and guiding and controlling the execution thereof. The increase in the independence of the factory units, however, cannot lead to a growth in the factory unit's functional apparatuses. The development of unnecessary parallels between the enterprise and factory-unit functional organs must also be avoided.

An important element in the internal enterprise guidance system is the factory-unit incentive system, which must stimulate the factory-unit collective--in harmony with enterprise goals and interests--to an increase in achievements, a reduction in costs, and the discovery and utilization of reserves that increase efficiency.

The forms and methods of the internal incentive system must be further developed in such a way that they will mediate to the factory units the substance and requirements of the incentives being realized as regards the enterprise. Therefore, instead of the overfulfillment of qualitative tasks, we need to place in the center of the factory-unit incentive system the efficiency and quality requirements and the contribution to the enterprise profits.

Depending on the areas of authority of the factory units, the internal incentive substance, the index system may vary from the nature of the enterprise activity and from the enterprise's production structure. With a horizontal production structure, factory units that manufacture finished products and have their own marketing area of authority may be made interested, for example, in the results realized in marketing receipts. In such a case, the factory-unit achievement may be evaluated on basis of the actual selling price.

At vertically structured enterprises, on the other hand, where the factory units manufacture finsihed products and semifinished products designed for their own further processing, and where they also do important export production, the factory units can be made interested in increasing their clearing and price-level profit. In this case, the measuring and evaluation of factory-unit achievements occur at clearing prices. On the other hand, factory units which can influence their own achievements only to a small extent can be made interested in improving cost management and in reducing production costs. In this case, the basic incentive index is the magnitude of the costs which emerge at the factory units, or the actual, narrowed prime cost of factory-unit products and services.

The major elements of the factory-unit incentive system may be the following:

--wage development that depends on factory-unit achievement and whose principles and methods are set by enterprise wage regulation;

--the factory unit may have its own sharing fund, depending on the managing success. The enterprise order thereof must be defined in the collective contract and the operational regulations;

--it is advisable to link the incentive of the factory-unit managers partly to the fulfillment of prescribed tasks and partly to the success of factory-unit management and to its subsequent evaluation;

--it is advisable to use midyear premiums and awards as incentives for the fulfillment of special tasks and designated economic indexes.

At the industrial enterprises, the incentive effect of the factory-unit incentive system must be generally strengthened and the principle of sharing in proportion to achivement better realized. We must cut back on wage development as well as on the strongly leveling practice of distributing the sharing fund among the factory units, of paying bonuses and awards, matters which can still be found at many enterprises.

To modernize the internal incentive systems, we need to develop the internal accounting and information systems. We must see to it that wherever possible they should introduce the methods of separate measuring and booking of factory-unit achievements and expenditures, and factory-unit results, on the basis of which the success of factory-unit activity, the carrying out of tasks, and the management of available resources will be adequately measured and stimulated.

An essential condition of the development of plant democracy is such further development of the internal enterprise incentive, accounting and information systems as will give the workers an appropriate overview of production and management and its details, and make clear the realization of the principle of sharing according to achievement.

The essential improvement, further development and more efficient operation of the operational capability of industrial enterprises can be promoted adequately only by managers who are professionally well prepared, politically trained, and have good leadership qualities. Therefore, it is necessary that the enterprise managing directors--in cooperation with the social organs appropriate to the area of competence--should regularly study and evaluate whether the managers of the basic enterprise departmental functions and the more important organizational units are carrying out their functions with adequate efficiency, whether they are capable of meeting the changing and increasing requirements; and they should also continually take the appropriate cadre measures. In this area, we have need for a significant improvement in cadre work, cadre selection and education.

It is also the task of the managing director to shape and develop the enterprise leadership and organization in a way that is in harmony with the internal operational conditions of the enterprise and assures flexible cooperation with the environment according to enterprise law. This process must, however, be more vigorously stimulated and promoted by the guiding organs.

The Ministry of Industry must deal more seriously than heretofore with evaluating, stimulating and promoting the development of internal guidance systems. In evaluating the activities of enterprise managers, work performed in the area of internal enterprise guidance and organization modernization should be given a greater role.

It is an important task of the ministry to attend to the development of research and information activity related to the internal enterprise leadership system and to the organization. It should make known to a greater extent the results of foreign research and positive practical experiences.

6691
CSO: 2500/212

PREPARATION OF ENTERPRISES' MEDIUM TERM PLANS DISCUSSED

Budapest FIGYELO in Hungarian No 14, 8 Apr 81 pp 1, 3

[Round-table discussion by Akos Balassa, department head of the National Planning Office; Magdolna Csath, department head of the Ministry of Industry; Gabor Iklody, managing director of Electromodul; Dezso Karacsony, economic director of the Budapest Radio Technology Factory; Marton Peto, department head of the Foundry Enterprise; and Ivan Wiesel of the FIGYELO staff]

[Text] The most timely task of enterprise economic work is the preparation of medium term plans. Our editorial office organized a round-table discussion on this subject, which was participated in by Akos Balassa, Magdolna Csath, Gabor Iklody, Dezso Karacsony, Marton Peto, and Ivan Wiesel.

Ivan Wiesel: At the request of the National Planning Office, 100 enterprises in 1970 drafted their preliminary thoughts on development. In the following year all the enterprises prepared their medium plan concepts. What kind of experiences did the OT [National Planning Office] acquire in the course of these studies?

Akos Balassa: I must begin by saying that the National Planning Office issued procedural guidelines for working out the medium term enterprise plans. Among other things it prescribed that the enterprises should first prepare concepts on which to base their plans. It stated that the concept task was to develop the main lines of enterprise strategy and development policy. It called attention to the fact that for this it would be necessary to include a detailed analysis of the economic work of the past period, variant proposals, and a forecast of the external and internal conditions. Accordingly, it was held desirable for the enterprise concepts to include a number of variants and envisage the discovery of more efficient enterprise management possibilities.

An analysis of the enterprises' medium term plan concepts shows the level of planning work is improving, although not to an equal extent in all places. Significant differences in level are evident not only among enterprises but also branches.

Ivan Wiesel: I understand, for example, that the domestic trade enterprises have not as yet worked out their medium term plan concepts.

Akos Balassa: It is apparent from the ideas which have already come in that sometimes the enterprises proceed only from natural goals, and in fact it is often the recollection of planning "for higher up" that returns a greeting. Starting from market conditions is an attitude still not strongly established in the concepts. It also frequently happens that the enterprises base their development ideas on state supports and the acquisition of central means. Fortunately, however, the requirements of product structure modernization and internal symmetry have been realized in marketing and revenue thinking. The marketing ideas worked out by the enterprises meet the national economic requirements in respect to ratios and directions. Because the openness of economic planning has been constantly strengthened since 1968, the enterprises, too, are thinking more and more in terms of variants, adjusting to the rapidly changing external and internal conditions system of the economy.

Morton Peto: The requirement is correct that a change of outlook is necessary. But economic guidance and regulation still do not persuade the enterprises sufficiently toward the development of a new outlook. The most frequent alternative of medium term guidelines is that development should take place through the use of our own or outside sources. Thus, for example, the idea that even under conditions of stagnation or perhaps retrodevelopment the primary plan goal should be found in increased efficiency is not at all general in practice. The enterprise goal is frequently maintenance and moderate (not outstanding) development. The extent of the expenditure of effort is defined by fulfilling the desired wage and income increase and the socio-political requirements. In response to the regulators, the base outlook is strong in management, the tactics of small, cautious steps is realized, which is in opposition to the requirements of intensive and selective development. In my view, the planning problems are increased also by the lack of stability in enterprise organizational frameworks, for these do not indisputably influence-not always in the best direction even--medium term development, management, and enterprise decisions and plans.

In reorganization we must, of course, take into account among other things and in addition to efficiency viewpoints in the more narrow sense the economic relations system paired with the given organizational frameworks, since the enterprises are active in a cooperation chain. The obstruction of cooperation can only make planning problems more difficult and increase uncertainty.

Magdolna Csath: The rapid change in circumstances justifies, even compels, a modification in planning outlook. In my opinion, there is still a great lag in this field. It should be the task of enterprise planning, as one of the important means of management, to promote a rapid and flexible adjustment to changes. To do this, however, substantive and procedural development is also necessary. Substantively, there could be progress in provisions regarding complex activities: the interrelated planning of marketing, development, production and the selling chain of activity. Procedurally, solutions should be found first of all for taking into account uncertainty factors, for working out alternatives preparing for conditions, possibilities and dangers that can be expected in the future, and of protecting and up-to-dateness of the plans. This leads us back again, however, to the necessity for a change of outlook. In many places, as a matter of fact, the medium term plan is nothing more than five annual plans side by side. As a consequence, it is excessively detailed, disjointed, unheedful

of uncertainty factors, and so a result inconsistent. A 5-year plan like this is soon obsolete and--if not corrected--its motivating force and forward-pointing character will die out and the enterprise will manage in practice on the basis of the annual plans. With obsolete medium term plans the problems rise whether we should require their fulfillment. Is it at all worthwhile to regard as a basis of comparison and analysis plans which do not follow altered relations, or at least adequately?

G or Iklody: The enterprise should at last be weaned from the breast. We have kept saying this for the past 10 to 15 years; nevertheless, this accountability requirement has never been as strong as in 1980. I must emphasize that the enterprise plans should be prepared for the enterprise itself and not for the higher or the social organs. This method is truly the baneful consequence of the "base outlook" from which we cannot free ourselves and according to which the enterprises always plan "for higher up" and put a question mark on the actual economic substance of the plans. But there are also unavoidable difficulties. By way of jest I might say that the preparation of the Sixth Five-Year Plan has one fixed point: changeability. In the communication industry it was possible formerly to start from fixed points in enterprise medium term planning, but this has since changed, and in my view this has contributed to the fact that in enterprise planning there is now harmony among research, development, manufacturing, and marketing. Many studies, dissertations, and so forth have appeared on this problem, but in practice hardly anything has happened in this area. For example, the planning of technical development has not developed much in the past 20 years. There are enterprises whose plans are linked to central development ideas while having insufficient information on the positions thereof. From this point of view, of course, there is a great deal of difference among the individual branches. I must mention that a serious limit on planning work is also caused by the lack of economists. Planning is also hindered by the fact that because of the industrial reorganizations some of the enterprises have for long existed in uncertainty.

Magdolna Csath: It is a longterm problem related to the planning outlook that some of the enterprises still do not plan for themselves but for the guiding organs. Thus certain of their goals--for example, the expansion of capitalist exports, attainable profit, and so forth--are planned downward, while resource requirements--manpower, investments, and so forth--are planned upward. A dual kind of planning from the period of plan dismantling continues to live in this outlook: to promise fewer results so that over-fulfillment will be relatively easy, and to demand more resources so that after they are "pared down" there will still be enough left. How can the guiding organs react to these enterprise plans? Because they see the fulfillment of the economic plan endangered by such distortions in enterprise plan targets, they seek to persuade the enterprises to modify their plans. Naturally, this causes a great deal of superfluous work for both guiding organs and enterprises. Of course, to tell the truth, there is also another cause,in addition to the attitudinal problem for "downward or upward" planning, namely uncertainty. This is the way in which some of the enterprises build uncertainty factors into their plans, although this is not the proper method.

Ivan Wiesel: I have read in the guidelines for working out medium term plans that enterprises should form planning reserves.

Alos Balazs: It is a general weakness that enterprises do not reckon consciously on the planning of reserves. This means that sufficient importance has not been given in the thinking and outlook of the enterprise managers to the fact that the conditions of management may change rapidly, at variance with the plan and in various directions, as a consequence of which the enterprises must prepare themselves for changes perhaps in the marketing possibilities--because of advances made by the competition, price changes, the appearance of new products, and so forth--for an improvement less than desired in enterprise efficiency, and also for the fact that the ratio of centralization in enterprise revenues may also change. As a consequence of stricter conditions of management in the working out of plans it is impermissible to omit the development of appropriate planning reserves, the establishment of means that may offer temporary help for the enterprise and assure the possibility of flexible adjustment. At some enterprises the divisible profit is not sufficient for planned consumption needs. As a consequence, certain enterprises show a deficit in the basic development balance. In certain cases this sometimes shows an excessive extent of obligations, and in other cases it is a tactical element which indicates that some of the enterprises count on increasing their resources through state means. But this is not a realistic alternative. The enterprises must work out a plan by which--without harm to the normative nature of the regulatory system--they can create the necessary means for establishing the goals by means of resources that are in proportion with the economic possibilities, and by significantly raising the efficiency of their own work.

Ivan Wiesel: The enterprises frequently raise the point that their planning work is also adversely affected by the lack of information. What is the situation in this area?

Marton Peto: The enterprises have problems primarily in respect to price and exchange rate information.

Ivan Wiesel: I understand that on the basis of the latest resolution of the ATB [State Planning Commission] the enterprises had to receive as of 1 March 1981 price and exchange rate information from the OAH [National Material and Price Office] or from the MNB [Hungarian National Bank]. Did they receive these in time?

Deszo Karacsony: No, not as of 1 March. But it is also true that the enterprises do not use available information, or they do not know it well. For example, I asked a number of medium-level foreign trade workers whether they know how the MNB forms the exchange rate. The result was depressing.

Gabor Iklody: In connection with the price problems, it is also worthwhile to point out that at the foreign trade enterprises a number of demands have arisen that they should cancel the export contracts because if the producer fulfills them, they would go into the next price range. Therefore, they keep exports within the 5 percent range, never mind economic interests. There have also been cases in which the producer enterprise cancels a foreign contract, despite the penalty, in order to "protect" the domestic price. Another fault of the price system is that it is not flexible enough and is late in keeping up with the cycles. In this way "keeping up" to the world market prices frequently means

going in the opposite direction from the current situation, and this affects adversely both enterprise planning and management. As an example, I might mention the change in metal prices. In connection with regulation it is frequently said: the concern of the enterprises is unjustified because profits developed higher than expected. Surely, but we forget how much money the central guidance pumped into production without regulation methods. I believe that in the future, in planning, we should take regulation into account without these "channels." Profits being formed in this way would not be reassuring.

Within the enterprises, the desired internal price mechanism and incentive system still have not been developed, and this weakness is also reflected in plan preparation.

Gabor Ikloty: Those enterprises manufacturing products which have a long running-in time are limited essentially only to the registration by regulator-modification practice, for their activity is determined over the long run by the earlier decisions, and thus there is no way for changing the course as a function of later modifications. This is true, of course, only in a wider scope, but it is a general characteristic of enterprise planning that while the production adjusts perhaps to the changing conditions, the social plan is entirely inflexible. In 1980, for example, the MMG [Beinlenmier Telecommunications Factory] plan needed to be modified nine times, and this of course could not be discussed with the producer collectives. Therefore, the management undertook the risk of modification on itself, but this could only be done without changing the social prescriptions. In this way it was not right.

Martom Peto: Our experience up to now has been that in putting the Sixth Five-Year Plan "to the jury," the central and branch guidance has been narrowed to those giving general good advice. We have not yet found the proper forms of relation between enterprise and guidance. The guidance method is, to be sure, very important because it shapes the enterprise attitude, confidence, or its isolation, etc., to a large extent.

One of the big problems of present planning is the price and exchange rate question. It is difficult to review price regulation, the annual change in the exchange rate, the expected development of the foreign market, the foreign inflation rates, the changes in the money market situation, and so forth. I do not think we can expect of the enterprises an understanding--particularly of the latter--or even an estimate thereof.

Ivan Wiesel: We are raising important interrelationships, and this is useful. But when I was preparing for this discussion, I asked a foreign trade enterprise transactor how they prepared their five-year plan. He brought out a chart on which was the following: item according to code number, volume, relation, unit price 1981, 1982, 1983, 1984, 1985, and the economy index. I asked him how he fills all of these out "exactly." He said he "riddled" them in somehow. I also asked him whether he took into account the 1975-1980 plan indexes. No, this is not done anywhere, he said. I heard of planning methods like this at many industrial enterprises. But this means a tremendous contradiction between the management's expectation and practice.

Magdolna Csath: At the Karoly Marx Economics University we have for years been teaching modern planning methods. But when the students are employed in enterprise planning work they are surprised to learn what a great gap exists between what they learned and enterprise practice. Some of them take up the fight to transplant something of what they learned into practice, but the rest of them grow accustomed and resigned to the theoretically undemanding practical work.

Dezso Karacsony: Most of the economists are disappointed in enterprise planning work because outside of filling in the charts and their numerical congruencies they face no requirements. It is no wonder then that they drift away from their place of work. This in part explains the shortage of economists.

Akos Balassa: On balance, it may be said that the methodology of enterprise planning has not developed satisfactorily in the past 10 to 15 years. One of the many symptoms of this is that the medium term plan is always prepared for 5 years although in respect to the selection of the time horizon it would be advisable to adjust to production and market characteristics. There is a great lag in working out the methodology of planning, management training does not offer a way of closing this gap. In any event we need to develop planning methodology, and we need to find the most effective forms for doing this.

Marton Pete: It is advisable to point out here, however, that planning is one means of management, and thus the state of its development, the method, can be evaluated only with the level of management. In my opinion, we need to avoid urging the use of planning methods in and for themselves.

Dezso Karacsony: Formerly the enterprises received those "pegs" on which they could build their plans, and proceding therefrom they planned outwardly "on orders." Today the enterprise plans for itself, and there exists no point from where it can start planning. At our enterprise, medium term planning proceeded from what we should do in a changing environment to enable us to maintain ourselves or develop. It is for this that we sought for the long term or, if you will, the strategic, goals.

Magdolna Csath: There are still only a few enterprises where strategic planning is being done. I do not have to demonstrate that without a strategy medium-term enterprise planning, too, is suspended in the air and easily glides in the directin of those formal solutions of which we have already spoken so much at our discussion.

But as for the future extension of strategic planning, we have evidence of some favorable signs: an ever expanding circle of enterprises is participating in the long term planning work of the National Planning Office and the Ministry of Industry, who by their recognition of the importance of strategic planning are helped greatly in working out their own strategies. The conditions of management also compel the enterprises in this direction.

Dezso Karacsony: Formerly enterprises were not forced to strategic planning. Economic guidance took this type of task on itself. Of course, central guidance can influence enterprise strategy by way of regulation. We must also see, however, that themajority of enterprises, when they are preparing a strategy, are frequently trying to acquire state means, and are essentially seeking justification for this. I was also aware of this phenomenon at one of the conferences of the SZVT

(Scientific Society of Organization and Management). An enterprise prepares strategies not for itself but outwardly for agitation gain. Of course, not every enterprise thinks in this way.

Iron Wheel: Accordingly, we cannot expect in the future either the end of civilizational forms reminiscent of the plan compromise between guidance and enterprise?

Ivan Katayanagi: No, only the plan compromise will take other forms. The struggle is for investment means and preferences. But still the main question is whether the enterprise will find its place among the new conditions. The enterprise must weigh the ratio of risk and possibilities. The risks deriving from expected state measures must also be surveyed by the enterprises, and plans made.

Magdalena Csath: The more uncertain the future, the greater the necessity to prepare for it. Preparation helps high-level, substantive planning work: an enterprise strategy that evaluates uncertainty and makes ready by forming reserves and action options, and a medium term plan that builds thereon in the function of enterprise characteristics. Such planning work promotes flexible adaptation, timely adaptation to future requirements, or appropriate shaping of enterprise interests in the future.

Planning with such an outlook and method was characterized as follows by a famous practical expert: "The future is an uncertain target. It is the task of planning to increase the probability of hitting the target."

[illegible]
CSO: 2100/218

NEW COMMITTEE ESTABLISHED IN DOMESTIC TRADE, MEMBERS NAMED

Budapest KERESKEDELMI ERTESITO in Hungarian No 4, 27 Feb 85 pp 117-119

[Directive No 2/1985 (K.E.4) of the Ministry of Domestic Trade on the Domestic Trade Organization and Computer Technology Commission]

[Text] Article 1

In the interest of developing operational and work organization and data processing activities in trade, it is necessary to establish a consultative body to prepare reports and proposals to the minister of domestic trade, the Domestic Trade Organizational and Computer Technology Committee (hereinafter called [illegible]).

Article 2

The task of [illegible] is to facilitate

- the solution of work and plant organization problems, especially the modernization of merchandise trade and network processes, rationalization of goods shipments, the introduction and propagation of new, modern technologies;

- modernization of the operation of the internal organization of enterprises, development of the flow and processing of information and the utilization of computer-based methods, systems and devices;

- the establishment of efficient economic organizations and organizational structures and cooperation among trade enterprises, sub-branches as well as cooperation between industry and trade;

- modernization of the trade network;

- formulation of the network development methods for housing estates;

- improved efficiency of trade work;

- utilization of foreign methods in investment, trade organization and computer applications as well as management techniques;

[illegible] of [illegible] [illegible] [illegible] to [illegible], [illegible] [illegible] [illegible]

This decision becomes effective on the day of its publication. Concurrently, the Domestic Trade Computer Technology Committee and the Book and Plant Organization Committee of the Ministry of Domestic Trade shall be dissolved and Directive No 6/1973 (RS, 10) DGM shall be repealed.

Ceilgaudrikians Ingrīda
Minister of Domestic Trade

Members of the Domestic Trade Organization and Computer Technology Committee

In accordance with Article 1(1) of Directive 1/1991 (RS,1) DGM, the minister of domestic trade has nominated or revoked the Chairman and members of the Domestic Trade Organization and Computer Technology Committee.

The following is a list of members:

Chairman: Tarmo Lauritsa, deputy minister of domestic trade;
Secretary: Dr Kadri Berneth, advisory section head;
Members of the committee:
Dr Leonte Juri Ostrov, DGM main department head;
Dr Ivari Ilvik, DGM department head;
Toivete Kaasik, DGM main department head;
Dr Kersti Pärna, DGM Division of latest main department head;
Ülevi Ustrich, deputy director of the System Analysis Bureau of ORTA (National Technical Development Committee);
Dr Ain Ottar Pankratov, main department head of EKMNKK (National Council of Computerization);
Dr Leonid Tonga, main department head of EVM (General Statistical Office);
Ülevi Kuusemaa, director general of RAMTEA;
Tõnnu Kõrs, director general of ÜHISTEA;
Kersten Kannus, director general of COFRUIT;
Dr Ülevi Ungri, deputy director of MKI;
Tõnnu Kannapõ, director of the Energy and Fuels major Food and Chemical Goods Wholesale Enterprise;
Dr Tanelo Soodla, director general of Kalapesa PUKERRT (Tercary Retail Enterprise);
Ülevaja Vuntsel, director of ÜHISTT;
Leonte Tuuk, director of the Building Glass Trading Enterprise;
Ivari Kuusemaa, director of ÜLTR (Tempera Trade Shipping Enterprise);
Dr Tanelo Kuusemaa, director general of the ÜHISKAUBTRÜK Enterprise.

Sirje
CDD: [illegible]

SITUATION OF HOUSING DEVELOPMENT EXAMINED

Budapest TARSADALMI SZEMLE in Hungarian No 4, Apr 81 pp 20-31

[Article by Barnabas Berta, deputy chairman Central Statistics Office (KSH) and by Gyorgy Vukovich, main department chief, KSH: "Development and Characteristics of the Housing Situation"]

[Text] It has already been written many times, but attention must be repeatedly called to the fact that prior to the liberation the housing situation in Hungary was extremely backward--measured by European standards. After World War I the housing situation of European countries improved significantly. Socialist housing construction began at about that time in the Northern and Western European countries (in many places even as early as the end of the last century). In the period of upswing prior to the great economic crisis the number of housing units and also the number of bedrooms increased.

Hungary and the Central and Eastern European countries were generally unable to keep up with this dynamic growth, thus the relative backwardness of their housing inventory increased. The situation was made more serious by the fact that the apartments that were built were smaller than would have been desirable. Averaging the years of 1920 through 1929 the number of apartments increased by about 37,000 per year, during the crisis years by 20,000, then it decreased further, and only in 1937 did it approach the average of the crisis years.

The business activity which increased during the last years of peace and during the war did not affect housing construction, average annual increase between 1936 and 1938 was only 10,300 and 15,300 between 1939 and 1942. In addition to the population being overcrowded, the situation which developed under the effect of this was also characterized by poor quality.

The pre-war [World War II] housing situation is well characterized by the fact that in 1941 there were 382 residents for each 100 apartments. The majority of housing consisted of one bedroom units; on the national average there were 151 bedrooms for every 100 apartments. About 60 percent of the total were bedrooms with compacted clay floors. Some 71 percent of the residential buildings had adobe, mud, or compacted dirt walls, and 68 percent had no foundations. The majority of the country's population lived under housing conditions which not only fell short of the contemporary European standards by an extraordinarily wide margin, but

also [fell short] of the minimal human requirements. This condition was general, and--we can say this without exaggeration--it characterized the housing conditions in all types of settlements in the country.

The destruction of World War II further deteriorated the already poor housing conditions. The damage took on extraordinary dimensions in the cities, especially in Budapest. And as far as our homeland's regions are concerned, the damage was generally greater in Dunantul [Transdanubia] than in other parts of the country.

Housing Situation After the Liberation and in the Fifties

The data of the first post-liberation census and housing inventory in 1949 reflect a serious housing situation. That is, the main task of the first years after the end of the war was to restore the already existing inventory. Few new apartments--barely over 10,000--were built during this time. From 1944 to 1 January 1949 the repair or reconstruction of about a 100,000 apartments was completed. The first three year plan (1947-1949) had an important role in accelerating reconstruction. By the end of the plan's time period the number of apartments increased to 2,492,000 and exceeded the pre-war level slightly. Great efforts were exerted in this period also to improve the [natural] gas and electrical energy networks. The length of the gas pipeline network and the number of villages with electricity increased by about 25 percent, creating the possibility for building apartments better equipped with public services.

As far as improvement of the housing situation was concerned, the First Five Year Plan's goals were not fully implemented as only 47 percent (103,000) of 220,000 apartments included in the plan were built. Without analyzing the reasons in detail, we have to point out that completing the housing construction plan was made unrealistic also by the planned proportions of the national income designated for consumption and for accumulation. The regional distribution of apartments built also made the situation more serious. During this time--conforming primarily to the industrial development policy--significant state housing construction took place only in the developments created around the new industrial centers (Dunaujvaros [then: Sztalinvaros], Komlo, Kazincbarcika, Tatabanya-Ujvaros, etc.), there was a large influx [immigration] of people due to the need for manpower, and to the attractiveness of the places of employment. However, simultaneously with this and as a consequence of the strengthening and gradual upswing of the economic life, positive changes took place also in other areas of the country in the population's lifestyle and primarily in its demands for housing.

After suppressing the counterrevolution, housing construction of greater proportions began in 1957. In the period between 1957 and 1960 an annual average of about 39,000 apartments were built. The opinion developed during this period that the tensions of the housing situation may also unfavorably influence a number of other social spheres. A political decision was born, therefore, to solve the housing question.

Development of the Housing Situation since 1961

The 15-year housing construction plan announced in 1960, which plans the construction of one million apartments by 1975, brought on a decisive turnabout in our housing

policy. We succeeded in overfulfilling this, and--even if not in the distribution projected by the plan--about 1,048,000 new apartments were built during this time. Together with the additional approximately 445,000 apartments built during the Fifth Five Year Plan there are at the present time about 3,540,000 apartments in the country, and 43 percent of them were built after 1960. This also means that at least this same proportion of the population lives in apartments built during the last two decades. The ratio of apartments built since 1960 is especially high in the provincial cities (55 percent). The changes are favorable with respect to the equipment, size and supply of apartments.

At the present time almost half of the apartments have two bedrooms, almost one-fourth have three or more bedrooms. Compared to 1960, the improvement is significant mainly in the increase of the ratio of three and more bedroom apartments.

Apartment Distribution by Number of Bedrooms

Year	Total number of apartments	with this number of bedrooms 1	2	3 and more
		numbers are given in thousands		
1960	2,758	1,728	900	130
1970	3,122	1,440	1,349	333
1980	3,540	965	1,727	848
		In percentage distribution		
1960	100.0	62.7	32.6	4.7
1970	100.0	46.1	43.2	10.7
1980	100.0	27.3	48.8	23.9

In the composition of our housing inventory by size, the last decade's construction activity brought about the decisive turnaround when 59 percent of the apartments were built with two bedrooms, and 34 percent with three and more bedrooms. The data concerning area ["square footage"] also show growth in the number of larger apartments: in ten years the area of occupied apartments increased from 57 square meters in 1970 to 60 [in 1980].

Our housing inventory today is characterized by the high ratio (almost 50 percent) of generally modern-equipped 2-bedroom apartments. The ratio of apartments with 3 or more bedrooms also increased significantly, thus we can say that we will gradually force the one-bedroom apartment type which was definitive of the oppressing housing conditions of earlier decades, down to acceptable levels

During the last 20 years, great improvements have been made in supplying public utilities and equipping with conveniences which primarily determine the quality of apartments. The number of apartments supplied with electrical service increased by more than 1,300,000, the number of those with running water has more than tripled, the number connected into the [natural] gas pipeline network has increased

by almost 500,000, and in addition to this the use of bottled gas has also gained much ground. The number of occupied apartments with water-flushed toilets increased by about a million and a half in the last 20 years, and their ratio increased from 27 percent to 53 percent. The largest increase was in connecting the apartments to the sewer systems: the number of apartments connected to sewer systems is 1,170,000 larger than ten years earlier.

How the Equipment of Apartments Has Developed

Equipment	Number (thousands)			Distribution (percentage)		
	1960	1970	1980	1960	1970	1980
Electric service	2,021	2,782	3,345	74.6	91.7	98.1
Running water	615	1,096	2,215	22.7	36.1	64.9
Piped gas	286	491	765	10.6	16.2	22.4
Bottled gas	85	1,068	1,872	3.1	35.3	54.9
Water-flushed toilet	436	825	1,815	16.1	27.2	53.2
Sewer or septic tank		1,149	2,319		37.9	68.0

Examining the equipment by apartment size groups, it can be concluded that the equipment of larger apartments is significantly more favorable than that of the smaller ones. The ratio of occupied apartments equipped with running water and sewer is one-and-a-half times as high for two bedroom apartments, and almost twice as high for apartments with three and more bedrooms as the ratio for one bedroom apartments. The ratio of occupied apartments with gas is lowest for one bedroom apartments, but even this is not unfavorable.

In 1980 almost the entire population lived in apartments equipped with electricity, two-thirds [of the population] in apartments with running water, four-fifths in apartments equipped with gas, and much more than half in ones equipped with water-flushed toilets. At the present time about twice as many people live in apartments equipped with running water, and half again as many live in ones equipped with gas, as ten years ago.

Equipment of the Occupied Apartments by Apartment Size Groups in 1980
[percentages]

Apartment size group (bedrooms)	Electricity	Running water	Gas	Water flushed toilet	Public sewer or septic tank
1	94.7	43.4	59.0	27.0	47.6
2	99.2	68.8	82.0	58.7	71.3
3 and more	99.8	84.0	90.1	74.6	87.3
Total	98.1	64.9	77.3	53.2	68.0

We find a much higher ratio of better equipped apartments with all comforts among the larger apartments. It can be seen from the data of the next table that at the present time about three-quarters of the three and more bedroom apartments have

[all] comforts [i.e., full bathroom, running water, etc], but among the one bedroom apartments the ratio of those with [full] comforts does not even reach 23 percent.

Occupied Apartments by Level of Comfort and Apartment Size Groups in 1980
[percentages]

Apartment size group (bedrooms)	Total	Full comforts	Semi-comforts	Without comforts
1	100.0	22.6	8.3	69.1
2	100.0	57.3	12.4	30.3
3 and more	100.0	73.8	14.8	11.4
Total	100.0	51.1	11.7	37.2

Since 1960, even though with some fluctuation, the rate of apartment construction has reached a relatively high level, and the housing situation has significantly improved. In spite of all this we did not succeed in reaching the goal designated by the 15-year housing construction plan, that the quantitative shortage of housing would be solved by 1975--in spite of the fact that more apartments were built than was projected by the plan. Quantitative apartment shortage is high even now, and it is debatable whether the 400,000 requests for apartments on the record at the end of 1980 indicate the actual quantitative shortage of apartments. Even though according to past experience with the renewal of housing requests the number of requests will decrease by 20 to 30 percent, it is probable that even only the quantitative fulfillment of the actual needs will be possible only in the more distant future.

About the Reasons for the Housing Shortage

The reasons for the actual housing shortage are extremely complicated, and are difficult to follow with statistical data, yet we would like to refer to a few phenomena--some of which can also be characterized by data. We have already mentioned that the domestic housing conditions lagged far behind the times in the mid-forties. In addition to this, during the time period of the 15-year [housing construction] plan, and also since then, the number of households and families increased faster than expected, and the internal structure of housing construction did not fully meet the increasing demands, either with respect to area or to forms of ownership--which also means resources. The differences which already existed earlier in the housing situations of the various social strata moderated only slowly with respect to the demands--partly as a consequence of reasons mentioned here. This also contributed to the tensions of the housing situation.

In the statistical examination of these and other similar questions, primarily the analysis of connections, that is, of the mutual intereffects, runs into difficulties, due mainly to the lack of special polls to provide the necessary information. At this time only very carefully worded estimates can provide some information about the mutual intereffects. In addition, several such viewpoints must also be taken into consideration which influence the housing situation and the housing shortage

only indirectly, but which definitely are there in the background of its development. One of these is, for example, the urbanization policy conducted especially during the fifties and sixties, which did not, or did not always, take into consideration the effects it had in the area of the housing situation. But we will not deal here with the details of this.

To return to the difficulties caused by backwardness: it is obvious that eliminating these could have been achieved only by several decades of housing construction and modernization activity of such a high rate that it would far surpass even that of the developed countries. This at all times would have exceeded the country's ability to bear the economic load, and would have questioned the economic policy's priorities.

This conclusion seems to be correct in the mirror of comparative international data. That is, after World War II the development of the housing situations of the countries on various levels of economic development which [countries] suffered war damage depended largely on the degree to which they were able to concentrate their efforts on the one hand to replace the destroyed housing, and on the other hand to improve their housing situation, and decrease the disadvantages inherited from the past. According to the available data, the latter is closely related to the level of economic development at the given time, and is in general more definitive than the effect of damages caused by the war.

Even though past differences in the housing situation between Hungary and the better developed European countries have decreased, our relative backwardness continues to remain a fact. Based on the combined housing supply and equipment data of 26 countries (23 European countries, and the USA, Canada, and Japan) we can see, for example, that between 1960 and 1974 Hungary has moved up in the order of countries from 24th place to the 20th place. This is a good result under our circumstances, and we have achieved it by housing construction which has become more vigorous under the influence of the 15-year program.

However, our relatively disadvantageous situation warns us that even slow progress can be achieved only at the expense of extraordinary efforts. In comparison to 1974, our situation has further improved by a little because in 1976 and 1977 the domestic housing construction activity exceeded the European average. We have no way of knowing how the housing construction activity will develop in capitalist Europe in the eighties. It can be assumed that there will also be some decreasing tendencies due to the effect of the economic crises, but Hungary's Sixth Five Year Plan also projects a more moderate housing construction activity than the previous one did.

Among the European socialist countries (not counting the Soviet Union's data) the GDR and Czechoslovakia were ahead of us in 1960 in the above mentioned ranking. They are also ahead of us today, but there has been no significant change in their places in the order. This also indicates that the earlier housing situation which existed at the time of liberation decisively influenced the present situation of the individual countries. In the socialist countries, the efforts directed at eliminating the economical backwardness could not be coupled with full solution of the housing problem; making justified gains in the international sequence, the

housing construction activity which became more vigorous primarily in the second half of the 1960's and in the 1970's was unable to bring about a full solution to the housing problem, even though it greatly improved the country's housing.

Social Structure, Families, and the Housing Situation

It has been mentioned that the housing situation inherited from the past also determines the present housing circumstances of the separate social strata or classes from many viewpoints in spite of the fact that the values of the main indices which characterize the situation of the strata have gotten much closer to each other in earlier decades, but particularly since the mid-1960's. According to the data of the 1980 popular census, in households characterized by the socio-economic group of heads of household the population density index (number of residents per 100 bedrooms) is most favorable for the retired people (127), followed by people in intellectual occupations (137), then by those in non-agricultural physical jobs (173). In 1980 the national average was 151. In the cases of the three economically active groups we found this same order also in 1949, only the value of the index was much higher. Population density per bedroom developed between 1949 and 1980 as follows:

Socio-economic group	1980 value as percentage of the 1949 value
Agricultural physical	62
Non-agricultural physical	60
Intellectual	71
Inactive wage earner (retired)	62

The data indicate the essence of the process of equalization: the situation of people with non-intellectual jobs improved more vigorously than that of those with intellectual jobs. It must be noted that in 1949 the situation of people with physical jobs was extremely poor in agriculture as well as in other employment, on the average almost three people (2.9) lived in one bedroom, but retired people and people with intellectual jobs lived under better circumstances than this (2.1 and 1.9, respectively). At the present time, even the population density circumstances of people with physical jobs working in agriculture are better than the situation of people with intellectual jobs was in 1949.

But all these results still have not resolved a number of fundamental tensions. Available data indicate that the ratio of apartments without comforts is still extremely high among the peasants (there are still many old houses in the villages), and even here primarily among the peasants in producer cooperatives where in 1980 this ratio was more than 73 percent. It is under 40 percent among people with non-agricultural physical jobs, and the ratio of apartments without comforts does not even reach 11 percent among the apartments of people with intellectual jobs. In apartments with total or just some comforts the residential density index is 17 to 24 percent lower than in the ones without comforts. Nationally the difference is 20 percent, and it is also the same in towns. The

residential density of apartments with no comforts is most favorable in the provincial cities, and it is the worst in Budapest where the difference in residential densities between apartments with total or some comforts, and with no comforts was 24 percent according to estimates. Thus, what we can say on the basis of the newest data is that the character of the residential settlement (city, town), and within this the occupation of the residents, greatly determines the equipment and comforts of the apartment. Thus the housing circumstances still strongly preserve the inheritance of the past.

Development of Density per Room, by Apartment Size (1949-1980)

Year	Number of residents per 100 bedrooms in		
	1	2	3 and more
	Room Apartments		
1949	347	201	135
1960	311	189	144
1963	307	185	140
1970	297	175	131
1973	270	163	120
1980	229	150	120

Even though the relative improvement between 1949 and 1980 was largest in the residential density of one room apartments, these are still extremely overcrowded, and since their ratio even in 1980 was 27 percent in the country's total housing inventory, this continues to represent a tension. Naturally there are also overcrowded apartments among the larger ones, and there are those also among the ones with one bedroom in which the residential density is acceptable. Today only a few data of a representative poll taken in 1978 provide an opportunity for detailed analysis of residential density by apartment size groups. We can conclude from this that, taking into consideration together the family structure of households (their family composition) and the sizes of apartments, more than two-thirds of the families lived in adequate apartments, but about one-third of them in smaller ones than that. The situation of families with 1 to 3 members is more favorable than the average, but of the large families (5 or 6 family members) is much more unfavorable than that: about two-thirds, or three-fourths of them (66 to 81 percent, respectively) lived in smaller apartments than they needed.

These data provide a warning that much needs to be improved on the internal structure of the housing circumstances, no matter how much progress has been made. From the data of other studies we can also conclude that the unfavorable interrelationship between apartment size and residential density is there in all socioeconomic strata, even if not at the same extent. We can also find a difference in this area according to whether we are looking at the housing inventory in cities, or in towns.

The presently still existing tensions of the housing situation can also be traced back to the faster than expected growth in the number of families and households. According to the available data between 1960 and 1980, the number of households

consisting of one family increased by 12 percent, and the number of single people (but who are entitled to apartments) by 61 percent. In terms of absolute numbers the number of single family households increased by about 300,000 and the number of single person households by 69,000. Thus at the present time the number of single family households in Hungary is 2,723,000 and the number of one-person households is 720,000. The ratio in Budapest is even less favorable: the number of single family households is 542,000, and almost one third: 220,000 of the single person households are here.

The growth in the number of families and single persons has essentially formally consumed the actual increase in housing (not in practice, of course, since a certain portion of them did not make requests for housing), and indicates that, even in itself, the growth in the number of families is a strong source of tension which can place a significant burden on the quantitative side of the housing construction program, and which in essence reproduces the existing shortage. Only detailed analyses will be able to determine what the effect of this process is in the cases of the separate regional unities, and of the occupational and social strata.

It is assumed that the number of families and households claiming the right to have separate apartments will increase by a smaller amount in the near future. One reason for this is the demographic valley which in the next 10 to 15 years will result in fewer first marriages. Later (in the 1990's) when the age groups born in the 1970's will be getting married, we must again expect a larger volume of new housing requests. However, the high rate of divorces and the population's regional mobility, primarily its moving into cities or larger towns, also tends to counterbalance the process of a decreasing family formation rate in the nearer future. Both social processes significantly increase the housing demand.

Housing Construction Resources and Forms of Housing Ownership

If we look at housing construction from the angle of resources, we have to call attention to a few noteworthy circumstances. When preparations were being made for the 15-year long range housing construction plan which began in 1961, our country took upon itself some gigantic tasks, among other things that about 60 percent of the housing to be built will be built with the state's resources, and also that it will encourage a more dynamic growth of private housing construction by means of long range loans with low interest rates and with other assistance of nonfinancial character. Thus the plan was of pioneering significance not only because it promised sharp improvement in the area of housing, but also because it began the work of comprehensive sociopolitical organization of the housing situation.

Partly the various economic reasons and partly the organizational difficulties have led us to the point that a much higher portion of the completed apartments were built from private resources than had been planned; thus actually the credit for fulfilling and even overfulfilling the plan is to be given to the large number of apartments built with private funds. During the 15-year period, the ratio of apartments built from state resources was 36 percent, and it rose slightly above this only in the last 2 years of the Fifth Five-Year Plan.

Financial Resources of Housing Construction

Time period	Ratio of housing built with state resources (percentage)	Ratio of housing built with private resources (percentage)	Total number of apartments built
1961-1965	37	63	282,356
1966-1970	37	63	327,430
1971-1975	34	66	438,138
1961-1975	36	64	1,047,924
1976	34	66	93,905
1977	36	64	93,396
1978	36	64	88,153
1979	39	61	88,196

Approximately 70 percent of the housing built from private resources built with the use of OTP (National Savings Bank) loans. The OTP makes these loans using the population's savings, therefore these monies are to be considered in all ways as the population's resources. State financed housing construction has been concentrated primarily on those settlements which had higher than average housing shortages, and where the popu'ation, for various reasons, could build relatively few new apartments. It made the situation more difficult that as a consequence of the contradiction between rising costs and the available resources, until the most recent times the state financed apartments were built with relatively small ["square footage"] area, which in many cases caused qualitative housing shortages as soon as the people moved in, or (at least) the possibility of qualitiative housing shortage to occur in the future became outlined already then.

The construction cost index of state financed housing construction per apartment, on the basis of corrected costs during the 15 year housing construction plan's time period, increased to 221 percent between 1961 and 1975; and within this it increased to 145 percent between 1971 and 1975, compared to 1971. We also get essentially similar indices when we look at building costs per square meter of apartment area. Due in part to the effect of the rapidly increasing costs, the square footage area of state financed apartments continued to be low: 52 square meters in 1957, 53 square meters in 1976, and 54 square meters in 1979. The area of apartments built with private financing always far exceeded that of the state financed ones, and increased from 71 square meters in 1976 to 74 square meters in 1979. Those settlements (thus primari'y Budapest) where the ratio of state financed housing construction is high, are better characterized by building apartments with smaller average areas. The average area of apartments built in Budapest during the Fifth Five Year Plan was 8 to 9 meters smaller than the national average.

The lower ratio of state financed housing construction is well reflected also in the distribution of the existing apartments by forms of ownership. According to the latest data, the ratio of state owned apartments in the country's total apartment inventory decreased from 27 percent in 1970 to 25.6 percent in 1980. The ratio of state owned apartments was highest in Budapest also in 1980, approaching 58 percent. Its ratio is much smaller (not quite 31 percent) in the provincial cities, and not quite 8 percent in the towns.

Apartments by Type of Ownership, in the Various Settlement Types in 1980 (in terms of percentages)

Settlements	Owned by persons	Owned by state and other	Total
Budapest	42.3	57.7	100.0
Cities	69.5	30.5	100.0
Towns	92.2	7.8	100.0
Total	74.5	25.6	100.0

Thus in this country the dominant form of apartment ownership is the privately owned apartment, and this tendency became stronger in the last 10 years. Of course, the structure of the privately owned apartment inventory is in a state of change, because the ratio of permanently owned apartments, condominiums, and apartments in apartment cooperatives is increasing in it. These forms dominate in the cities in the cases of newly built private apartments, and they are almost exclusive in Budapest. During the time period of the 15 year housing construction plan, a significant portion (about 45 percent) of the apartments were built in the towns, practically all from private resources, and relatively few new apartments were built in the cities and in Budapest. In the provincial cities more than half of the apartments are built from private resources, but in Budapest, in spite of the serious housing situation, only about one-third [are financed privately].

It is our opinion that for the purpose of more effectively decreasing the quantitative housing shortage, much more vigorous incentives should be provided in the future for the construction of private apartments in Budapest than is being done today. Private construction must also gain strength in the provincial cities, though at a smaller extent than in Budapest. Failure to do this may endanger the gradual elimination of the housing shortage even in the future--due to the shortage of the available state resources. In the present economic situation there is no sense in discoursing about eliminating this urban housing shortage in the near future by increasing the state's resources, and even less so because we were not able to do this even under better economic conditions.

Examining the ways of how households have obtained their first and present apartments also shows that allocation by the councils is not the typical method of changing the housing situation; much more typical are construction, and purchase, as well as some other possibilities. Among the latter, a relatively frequent way is for families to obtain apartments by inheriting them. According to our data more than 14 percent of the families inherited their present apartments. It is obvious that the housing problems of only a relatively few families can be solved even in the future by allocating rental apartments for them by the councils, inasmuch as the present system of obtaining housing will remain in existence over the long range. Providing incentives for the various forms of apartment construction, as well as better development of the present possibilities of housing mobility [sic], primarily the promotion of mobility between the differing forms of ownership, appear to be the most important methods of improvement, and of growth.

The Housing Situation of Young People

We must also speak about a problem which occupies all strata of society--that is, the housing situation of youth. The information available about changes which took place in this area reflects that the housing conditions for youth changed in a favorable direction, together with the housing situation's general and nationwide improvement. Housing density circumstances improved and generally the average degree of comfort of the apartments also became more favorable.

However, even in spite of the significant improvement seen in comparison with earlier times, the situation is not satisfactory even now. In connection with this question, two fundamental tendencies are worth examining. One of them is: To what extent did the quality of the housing inventory, and as a consequence of this, the condition of the apartments of young people, improve. The other one is: How good are the chances of youth today for obtaining apartments.

A higher percentage of the younger households with apartments had comfort-equipped apartments in 1980 than did the all-middle aged, and especially higher than the all-elderly households (56, 50, and 28 percent, respectively). The picture is essentially similar also from the viewpoint of apartment size (number of bedrooms). This is obviously related to the fact that the young people who obtained apartments in any way during the last decade for the most part moved into better equipped and larger apartments.

The factors which influence the chances of young people obtaining apartments are the same in a number of respects as the phenomena which generally determine the ways apartments are obtained. The frameworks of these are defined basically by the general system of conditions of state and private housing construction and distribution. At the same time their situation is a little better in this respect than that of the other strata, due in part to the differentiated social policy and stratification policy benefits enacted as implementation of the youth law--primarily in connection with the construction of multi-story housing--, and in part to the subsidies which ease the financial situation of young people after obtaining apartments.

Establishing a family--as at the moment the first, but naturally only one of the conditions for a claim to a separate apartment--also brings up other problems. For young people the time of embarking on a career, of starting to work, increasingly coincides with establishing a family and thus also with the beginning of the struggle for an apartment. This, even by itself, represents a big problem, but the difficulties in obtaining an independent apartment, it appears, occupy a prestigious place even among these for the time being.

Naturally, the difficulties related to obtaining an apartment affect not only the young people, but since the necessity of obtaining first independent apartment happens to fall into the age of youth, or [illegible] it begins here, it manifests itself most markedly in this social group. We must emphasize that the chance of obtaining an apartment is related primarily to the social stratum also among young, some of their groups have a better, others a lesser opportunity to obtain an independent apartment.

Because of the rise in housing costs and prices, that group of youth which is able to build or buy an apartment, either with parental help or on the strength of its own financial situation without a major savings effort, is not significant, at least not by our present information. But the case of settlements where the young people waiting for an apartment that is an important factor in the opportunity of obtaining the apartment. From this standpoint, the situation of youth living in Budapest and in the larger provincial cities is difficult because of the reasons outlined earlier, and also because the organizational, construction, financing, and distribution forms which would conform to the needs and financial situation of youth have not been developed yet. In these areas, the main method of obtaining an apartment is to submit a request for a state-financed apartment, but the limited opportunities dominating this area are well known.

Between 1970 and 1978, young people received 38.5 percent of the apartments allocated on the basis of the list of names or by way of the stepped housing system of apartments, even though they only have 28-29 percent of the clients. In spite of this, the housing situation of youth is less favorable in the major cities than the national average. On the annual average the counties can meet 10 percent of the young people's needs nationwide, but only 8 percent in the capital city. The nationwide waiting time for youth is 10.5 years.

Some More Conclusions

The study places forward about the development and structure of the housing situation brings up several thoughts. The first one we wish to repeatedly emphasize is that considering the past and present levels of our country's economic development, gigantic efforts are being made to decrease the quantitative and qualitative housing shortages. It is probable that the housing situation perhaps could have been more favorably influenced by organizational and distribution methods more suitable to the given situation, but such more housing could not have been built. It can, in part, be attributed to the deficiencies of the past that we have not yet succeeded in eliminating the contradictions in this area.

But the question arises, how will the housing situation develop until the end of the millennium under the more limited economic conditions thinking in in the broader sense, naturally the quality criteria are also to be included in that. Considering the differentiated character of the needs, the poor equipment of a still high ratio of the existing housing inventory, the shortage of the state's and the population's funds needed to overall the utilities, the infrastructural investments needed to correct the deficiencies--it is obvious that in the Sixth and Seventh Five Year Plans our first and most important job will continue to be decreasing the quantitative housing shortage. We must take into consideration the fact in this area that the present number of people with requests on file for apartments is far from showing the actual need for housing.

It can be concluded, among other things, from the data of a representative sampling conducted in 1976 by the KSH, that in that year about one-fourth (24 percent) of the families considered their apartments inadequate, and among those who had this opinion, 63 percent gave the reason that the apartment was too small, and another 29 percent had complaints about (the lack of) comfort, and about

[illegible]. It is worth noting that if we group those families who found their apartments unsuitable, by the types of their usual rights of ownership, dissatisfaction is highest (61 percent) among lessees, but more than one-fourth (27 percent) even among the owners of cooperative apartments had this opinion. Most of them because their apartment was too small.

Thus 3/4 years ago the actual housing demand, most of which did not manifest itself, was bigger than the data of the census indicated. We have no current data on the actual housing needs. A mechanical comparison of the number of families in housebuilding and of the housing inventory, or the establishment of various residential density standards can not be used for the purpose of making such estimates since they do not consider the relatively large number of people with inadequate apartments, and the internal components of the actual housing situation. Only an apartment-by-apartment survey can provide relatively accurate estimates by comparing the characteristics of the apartment with the structure of the families who live in them. This can be accomplished only on the basis of census data or by a relatively large representative sample. We have made plans to make this estimate as soon as possible.

Knowing the needs more accurately could be of great help in developing the outlines of a more efficient housing management system than the present one. If for no other reason than that it can be assumed that not too many new apartments will be built than have been planned. We already know even on the basis of present data, which estimates have a particularly unfavorable situation; in those it would be absolutely advisable to, at the very least, keep the rate of housing construction at the present level. It would be important especially in the capital city to provide much more incentives for housing construction than is being done at the present time, and to create a new framework for the housing policy. The need to improve the housing situation of families with many members (mainly families with several children) appears to continue; on the average these have other far less favorable housing circumstances than the smaller families. In this case the introduction of greater housing mobility would also have a beneficial effect.

When we speak about average differences in the housing situation, we must also not lose sight of the variations around this average; on the contrary, we believe that it will be advisable to pay increased attention to this in the future. There are various proportions of groups in the different social classes and strata which have better or less favorable housing situations than the average. Therefore, the overall judgement is not practical at all. This is valid also for the strata which can be isolated from the demographic viewpoint, such as youth or the elderly. Certain data and signs indicate, for example, that mainly in Budapest the opportunities of intelligent youth to obtain an apartment are especially unfavorable.

Something must also be said about the questions related to the family house. It is well known that naturally the housing format which characterizes the peasants in (produced) cooperatives is the family house, and the same thing is also characteristic to workers who live in villages. However, our data show that the majority of workers living in cities also live in family houses, and indeed their

ratio is significant even in Budapest. It can be assumed that the chances of the distant past as well as of the recent past to obtain apartments are contributing to this, but probably so do also the demands.

Considering the fact that people who have housing built for them take on the smallest financial sacrifice in building a family house (very much work is done by the family, friends, and relatives), and the costs of building a family house are lower than those of the other housing types, it would be expeditious to more thoroughly examine the present system of conditions for building a family house from the viewpoints of land management, and regional settlement, as well as loan policy, and material supply. Undoubtedly the specific demand of family house construction is much higher for infrastructure and materials than that of the other forms of housing construction, but better solutions than the present one could also be resolved from this viewpoint in Budapest and in the larger cities and in their vicinities.

It would seem worth giving some thought to preferring family house construction in certain areas suitable for it, and further disapproving it in areas where this form of housing construction is not absolutely desirable for infrastructural or other reasons. By the way, in Budapest the difficulties of private housing construction can be traced back primarily to the ever decreasing number of vacant lots with public utilities, to their high prices, and also the the very high construction costs of condominium construction, the form of private housing construction most typical here.

In the economic situation expected for the future the number of housing units built will probably not be sufficient even under better than the present organizational conditions, because the population's savings will also decrease. Therefore, partial fulfillment of the demand can be insured only by further developing the existing organizational framework. This will make new types of approaches desirable also in the areas of obtaining apartments and determining the burdens associated with maintaining the apartments, primarily from the viewpoint that we should replace the present statistical approach by an approach which follows the changes in the income circumstances of the families, and also takes into consideration the better opportunities in mobility between the various forms of housing.

Even though at certain times it may be necessary to refine and further develop the system of housing distribution being done by the authorities, that will not create more apartments; also, we can not talk about fair distribution of housing when we can satisfy only a fraction of the demand within the present system of housing distribution by the state. We are referring here primarily to the framework of a system which should be developed for the purpose of simplifying the trading of rental apartments by people among themselves, and to make it simpler, or at least possible, to trade apartments with different forms of ownership.

Greater housing mobility opportunities would also have a favorable effect on the number of housing requests because the [present] rigid formula force a significant portion of housing applicants onto forced paths from many viewpoints. Thus, even some of those people can imagine a solution in their housing situation only through the system of housing distribution by the authorities, who in a differently structured system would not think this way.

It is obvious also from what has been related above: the complicated problems of the housing situation cannot be solved from one day to the next, not even from one year to the next. Yet, we must make greater and greater efforts to improve housing construction and housing management; and, in order to do this, more thorough observation and discovery of the social and economic interrelationships of the housing situation are needed. Even though many things have already been done in the interest of this, there is no doubt that there are some components of this sphere of topics, taken into consideration often only in the most recent times, about which we do not yet have the necessary amount and depth of information. Therefore, additional analyses will have to be performed based in part on the detailed data of the census, and in part on the representative surveys.

8586
CSO: 2500/221

COMMUNICATIONS FACTORY GOES INDEPENDENT

Budapest FIGYELO in Hungarian 18 Mar 81 p 7

[Article by Ferenc Pichler: "Greater Freedom of Movement--Meager Financial Resources; the Telecommunications Machine Factory Has Become Independent"]

[Text] The management of the Telecommunications Machine Factory (TMF) announced around the middle of 1980 that their enterprise was going to separate from the Csepel Iron and Metallurgical Works (CIMW) and would become an independent enterprise as of January 1. The requisite conditions of independent management were available, sine TMF had already formulated its development and trading policies independently. Nor was its production closely linked to the trust enterprises, and they had also been selling their own products independently. Their foreign trade had been conducted not by Pannonia, the foreign trade enterprise of CIMW, but by Technoimpex and MOGURT. There was no need for changes in these areas neither in the acquisition of materials or cooperative relationships.

However, what is new in the life of the enterprise is that from now on they will divide up the earned profit, decide how much will be put in the investment funds, and how much money will be earmarked to develop the profit-sharing fund. Inasmuch as such decisions can be made [sic]. Though the enterprise started almost penniless. Upon becoming independent TMF could form its development fund from its 1980 profits (a little more than ten million forints). The situation of the enterprise is made more difficult by the fact that it does not have available a previously created reserve fund. What can be had from this profit? Not much. Nevertheless it is important how rapidly they modernize their production facilities. The development fund created from profits with the addition of a relevant portion of amortization will be sufficient for 13-14 million investment fund to hold the present level. "Right now, we are plugging the holes"--the head of the enterprise declared.

In recent years a modern production system has been developed at TMF. Special machine-tools i.e., spark-machining equipment, automobile diagnostic devices, special purpose machines, and vacuum impregnating [diffusion] lines [vákuumimpregnáló] are manufactured.

However, their modern products are being manufactured with obsolete technology. The reason for this is that during the last ten years there has been hardly any investment at TMF. At the trust special developments were realized., as the construction of the new electrode factory at Mor, the manufacturing of crystallized copper cables of high purity, the renovation of pipe manufacturing, the modernization of bicycle manufacturing, and the construction of a foundry equipped with

mechanized production lines. Because financial resources were lacking even maintaining the existing standard could not always be assured at TMF. This, however, did not affect production of the enterprise, because it was capable of modernizing its product structure and was profitable year after year. As a matter of fact, they have made their living from the rapid alteration of product structure.

After becoming independent the situation is not all that easy due to the facts mentioned above. They do not have a significant development fund of their own available and there probably will not be one by next year either. (Specifically, because payment on a 20 million forint midterm loan backed by working capital funds is due next year. The Csepel Works took out this loan in the name of TMF whose assets had grown considerably.) In the future, however, investments must definitely be made. But only so as not to be ruined in the process--as the manager puts it. Because the investment risks will not be borne by the Csepel Works. One bad undertaking could undermine the position of the independent TMF for years to come.

What can be done and what results can be expected at TMF? Primarily the development of the product structure is being encouraged. Just a few words about the projections. New types of spark-cutting machines and a new portable radial drill will be developed. The biggest undertaking is the development of a 16 unit, completely automatic machine line equipped with third generation electronic equipment which can pull and insulate DFMC cable to order (the highpurity crystallization cable mentioned above). In addition, the automobile diagnostic tools are being developed further. New and modern products are deemed to have a beneficial effect on income and profit creation which, in turn, could lay the groundwork for mid-term development opportunities.

Becoming independent has not only demanded a more thorough analysis of long-term projects, quite a few daily problems had to be solved too. For instance the organization of the enterprise has been simplified. Six departments have been abolished, like those which had to be created to form an organization parallel to the trust enterprise, but which employed only two or three people. Rationalization of the organization will reduce the number of employees by 6.5 percent. This reduction in staff will not affect technical employees, because there will be even more need for development capacity in the future. In addition, two production workshops have been combined. Another indication of changes is also the fact that as of January a more direct ministerial guidance will take effect instead of the more restrictive trust management.

Independence will not necessarily have a beneficial effect on the enterprise in every respect. For instance, in the future TMF will not be able to guarantee 10-12 apartments per year to its workers.

Of course, the balance sheet of becoming independent will be completed only years from now. For now, it can be stated that suddenly the enterprise has a lot more problems. Whether its freedom of movement has become greater is still questionable, especially as far as management is concerned. If we consider, however, its present material and financial potentials, its freedom of movement is not too great.

9133
CSO: 2500/196

AGRICULTURAL PRODUCTION SYSTEMS BEING EXPORTED

Budapest FIGYELO in Hungarian 18 Mar 81 p 11

[Article by E.M.: "From Kalman Kazarecki, Chief Executive of Agrober About the Export of Agricultural Production Systems."]

[Text] In recent days negotiations have been conducted with our socialist partners about the current export of agricultural production systems. Since 197[illegible] the year Agrober obtained the right to export, our exports to socialist countries have increased. Our exports amounted to 800 thousand rubles in 1979, by 1980 [illegible] was already 6.2 million and according to current estimates they will be about [illegible] million rubles this year. Essentially, this important development can be attributed to the fact that agricultural specialists of socialist countries have become familiar with our agricultural production systems and they wish to put them to use in their own countries.

Bulgaria, where exports worth 4 million rubles were delivered last year, places first among our customers. Corn production has been realized on 6400 hectares so far and now another 3600 hectare area will be added. Specialists at the agricultural Combine of Baja are directing the most important activities on site. It has also been suggested that for the next 5 years a long-term contract should be negotiated with Bulgaria whereby the application of systems could be better guaranteed, since the agricultural year does not correspond to the calendar year, thus at present it often occurs that annual foreign trade negotiations are still underway when we ought to be preparing for sowing.

In essence, we have been in contact with Czechoslovakia since 1979 where corn and potato production systems are exported. Exports amounted to 450 thousand rubles in 1980, and we expect exports of nearly 2 million rubles in 1981. The corn production system of the Babolna IKR as well as the solanum potato production system of the South-Somogy State Farm will be put into practice here.

Our enterprise exported a corn production system to the Soviet Union for the first time in 1980, and in 1981 there will be further sales opportunities. The value of our exports to the Soviets this year will exceed 1 million rubles.

Cooperation and exchange of systems were realized with Romania in 1979 and 1980. We delivered the corn production system of the cooperative at Nadudvar which they introduced on 1200 hectares, and in exchange they transferred a high yield sunflower production system for the same sized area.

In addition to plant production systems, socialist countries are also interested in livestock production systems. We have also started negotiations about these. Socialist partners from the Far East have also shown interest in poultry, duck, and goose production systems. We have aleady sent to the Socialist Republic of Vietnam our proposal about delivery of corn production systems as well as that of six duck and goose farms. Moreover, in Laos we are going to establish a poultry farm for 3.5 million rubles. Work will start this year.

Agrober realized exports worth 5.8 million dollars in 1979, 6.5 million dollars in 1980, and this year we expect an income of 7 million dollars. In this area primarily developing countries come into consideration, since agricultural development is on the agenda almost everywhere. I should like to highlight a few examples of our current program: we are going to start delivering a fish hatchery and a rabbit farm to Egypt, the technology of the former will be provided by the Warm Water Fish Hatchery at Szashalombatta whereas that of the latter will be provided by the State Farm at Bikal. The Egyptians have also shown interest in the delivery of another rabbit farm and two fish hatcheries amounting to several million dollars.

The establishment of a Hungarian fish hatchery has also started in Iraq with the collaboration of Hungarian specialists. We have designed a national poultry production program at the request of the Algerian government which was accepted, and based on this they requested proposals for the delivery of breeding farms and we will also participate in this. We are going to participate in competitive bidding in Tunesia about delivery of irrigation systems, hopefully with success. There are several opportunities in Libya for the establishment of grape and orchard farms equipped with processing plant as well as for the creation of livestock farms and veterinary stations. Interest has also been shown from Spain about the delivery of fish hatcheries and duck farms.

In addition to the above, we have proposals pending a number of developing countries, which hopefully will be realized in contractual form this year. Our most recent contract is with the Afro Food Industries Co. in Nigeria: we signed a contract on February 25 in Budapest to build a 7.5 million dollar poultry breeding farm complex plant near Lagos. Its capacity will be the production, slaughter and processing of 1.3 million chickens. In the event of its successful completion, its expansion to double size could be started as of 1983.

9183
CSO: 2500/196

SHORTAGE OF GRAIN STORAGE FACILITIES PERSISTS

Budapest FIGYELO in Hungarian 18 Mar 81 p 11

[Article by Geza Kruppa: "Grain Without Shelter?"]

[Text] One of the greatest values produced every year is grain. The present per capita production is 1.3 tons that is expected to rise to 1.5 tons by the end of the Sixth Five-Year Plan period. However, even in recent years storage and transportation have not been able to keep pace with the increased production. The consequences are obvious: grain has to be exported in some cases irrespective of market conditions, in many places even from the combines.

This has occurred in spite of the fact that the bulk of storage facility development was centrally financed even in previous plan periods. For instance, during the Fifth Five-Year Plan period the grain industry received 3 billion forints for target-oriented storage construction investment. From this amount storage space for more than 700 thousand tons capacity was built. Nevertheless, only 52 percent of harvested grain gets under safe "cover." About 35-40 percent of harvest is stored by the cooperatives and state farms themselves with 10-15 percent of grain being stored in temporary, often floorless, storage facilities.

Three Billion For Grain Storage Facilities

Total capacity of modern reinforced concrete silos comes close to 1.2, and that of ultramodern metal silos and storage facilities of light construction to 1.3 million tons. All in all, the grain industry is capable of storing only 2.5 million tons of grain under conditions requiring little or no care. In conventional storage facilities the cost of regular rotation to preserve quality and disinfecting amount to 100 million forints per year. Modern storage space with a capacity of 40 thousand tons could be built from this money.

During the Sixth Five-Year Plan period 3 billion forints are expected to be spent as target-oriented investment to construct modern grain storage facilities. This amount, however, will be sufficient to build 20 thousand tons less storage space than during the previous five-year plan period due to increased costs. Consequently, the shortage of storage space is going to increase instead of decrease, since the expansion of storage space is going to fall 10-15 percent behind production increases. Thus, instead of 52 percent of the production only 46 percent can be stored in modern industrial storage facilities.

Because of meager financial resources, a great deal of deliberation is required to decide what types of storage facilities should be built: more expensive silos of reinforced concrete and light construction requiring less maintenance cost, or inexpensive grain silos capable of accomodating steady expansion of storage space in which, however, storage costs are higher.

In view of governmental efforts, it is justifiable to ask why the large agricultural enterprises and the grain industry itself does not speed up construction of grain storage facilities using their own resources? One of the explanations for this is the fact that the construction of storage is not a profitable venture for large agricultural enterprises, although banks extend credit for storage development, however, the recovery of investments takes a rather long time--in view of the fact that storage facilities stand empty during part of the year--depending on types of grain silos, 20-40 years. This dampens the desire to build. And in turn, the resources of the grain industry are eaten up by the costs of mill construction, flour transportation and procurement of machinery.

Forced Sales

In theory, the construction of grain silos could benefit from favorable credit policies owing to the advantageous world market prices of grain, however, to obtain credit for increasing exports a minimum 10 percent profit in proportion to engaged assets has to be guaranteed which grain storage prices are incapable of meeting under the present conditions. Enterprises undertaking storage have not realized a penny from higher prices of stored grain sold more profitably at a later date.

Beginning this year, however, the grain industry will return part of the profit from foreign trade to the enterprises that construct storage in order to stimulate investment. This surplus income will also cut the recovery time of construction to half. Irrespective of this, it would be worth examining the possibility of constructing maximum storage space from the sum available for grain storage. For instance, would it be possible to allocate money from target-oriented state investment funds to agricultural enterprises whereby they would undertake cooperative storage construction? Especially, since in many cases they would be able to erect storage facilities less expensively using their own resources. And another very important factor is that more grain would stay locally reducing unnecessary transportation costs for the consumer.

At the present time enterprises are reequently compelled to sell grain after harvest, due to financial reasons and also the lack of storage space, only having to buy buy it back for feed at an inherently higher price burdened by storage and transportation costs. This could add 30-40 forings to the 310-330 forint price per 100 kgs of feed grain. Storage construction activity could also be bolstered by changing the December 31 expiration date of working capital credit. The term for loans used mainly to financing grain fodder purchases should be set between two harvests. In this way enterprises with scarce capital would not be squeezed by the December 31 deadline, and they would not have to sell their own production only to buy it back a few weeks later with new credit.

Local storage would also improve the quality of fodder. For instance, more valuable, early varieties of fodder with higher nutritional content could be handled

separately and used to feed more demanding livestock i.e., hogs and poultry. On the other hand, corn varieties harvested late and often of poorer quality could be fed to cattle. According to rough estimates, such utilization of fodder could reduce the costs of animal raisers by 10 percent.

9133
CSO: 2500/196

UTILIZATION OF FODDER FOUND LESS THAN OPTIMAL

Budapest FIGYELO in Hungarian 18 Mar 81 p 11

[Article by Marton Lovas: "How is Fodder Utilized?"]

[Text] According to data of the Central Statistical Office, Hungary in 1979 produced 86.8 billion forints worth of animal products which, in turn, were produced from fodder worth 51.5 million forints. According to specialists, the fodder utilized could be used to produce 20 percent more animal products i.e,. 17-18 billion forints more by optimizing fodder utilization.

It Could Be Better

The utilization of fodder, which indicates the efficiency of transforming fodder into animal products, is an important economic indicator. This is the barometer of the standard of our animal husbandry. The fact is that while the indicator for plant production (the yield per hectare) is rather favorable, the indicator for animal husbandry has fallen behind international standards.

The Sixth Five-Year Plan, which projects further increases in meat production and profitable exports, stresses the importance of fodder utilization. Only agricultural enterprises that improve the utilization of fodder will fulfill their meat production target set for the Sixth Five-Year Plan.

Experience has shown an almost unfathomable store of opportunities for utilization of fodder. National recordkeeping of utilization of fodder was started in 1977 at large enterprises. Prior to that no records had been kept of fodder utilization in one third of large enterprises, but today records are kept by all large enterprises.

The utilization of fodder has been improving, albeit slowly. This improvement has been slow but not insignificant, for a one percent decrease of specific fodder utilization nationwide means that animal products worth more than nearly 900 million forints will be produced from the same amount of fodder.

[Table on following page]

Specific Fodder utilization of large enterprises (grams)

Utilization	1977	1978	1979	1979 percent of 1977 figure
Fodder equivalent of 1 liter milk	516	468	395	76.6
Fodder equivalent of 1 egg	24.8	17.7	17.2	69.36
Fodder used for 1 kg growth of beef	5000	5100	4730	94.6
Fodder requirement for 1 kg weight gain of hogs	4530	4450	4350	96.0
Fodder requirement for producing 1 kg of chicken	2560	2550	2500	98.0

These data, as those above, have been taken from the reports of the National Fodder Utilization and Veterinary Authority.

At this juncture, it must be noted that 55 percent of the hogs and more than half of poultry are fattened and raised by private farmers. Utilization of fodder on private farms is estimated to be similar to that of large enterprises.

Decisive Factors

There are some large farms and private producers who feed 3.7 kg of fodder to obtain 1 kg increase in hog live weight instead of 4.73 kg. (For instance, the Hunyadi Tsz at Hunya and the State Farm at Dalmand, etc.). Of course, there are some that use 5-8 kg of fodder for a 1 kg gain in live weight.

Undoubtedly, the improvement of fodder utilization is in the interest of both cooperative producers and the national economy. This task, however, is complex. It cannot be carried out by an order or central decree.

There are several conditions for utilizing better than at the present time:

1) Only good quality fodder containing all the nutrients necessary for feeding (starch, protein, vitamins, etc.) in the required amounts can assure the most optimal weight gain. In this context, the Sixth Five-Year Plan means concrete, epoch-making tasks for agricultural enterprises. In hog and ruminant raising, dry feed corn (15 percent water content) will have to be replaced by wet stored feed corn (25-40 percent). This conversion has many economic advantages: energy used for drying can be saved; the crop can be harvested earlier and the corn fields can be available sooner for autumn work; damage caused by fuzarium damage will be reduced; and most important of all, the utilization of corn in feeding will increase by ten percent as a result of higher nutrient value and better digestibility.

Conversion to this new technology started in 1980 in large enterprises. Corn harvested on circa 500 thousand hectares was stored wet using one of the prevalent methods of wet storage. But many times more of this amount ought to be stored wet. (One third of the corn produced for export and industrial use is still dried.

Nowadays the gross value of hog production is approximately 40 billion forints. By feeding corn from wet storage about ten percent more production can be achieved. It is understandable that conversion is expected to be completed by 1985. On the other hand, wetly stored corn and mash can be fed to other fattened animals with similar efficiency.

2) Animals do not gain weight in equal measure from the same fodder. Breeds that have the best production indicators have to be raised; e.g., in dairy farming the Hostein-Fris and in beef production the Limousine breeds; in hog farming the Ka-Hyb breed and in egg production those that produce 280 eggs per year and lay eggs in winter too. There is still a great deal to do in the area of raising the most economical breeds.

3) An important condition of utilization is the method of raising, the freshness of air, temperature, and an adequate supply of good quality drinking water.

4) A fundamental economic requirement of animal husbandry in Hungary is the utilization of byproducts. For instance, in hog raising sour milk (tejsavó) is an inexpensive and useful byproduct that was dumped in sewers a few years ago and today it is almost in short supply. Likewise in cattle farming such is carbamide which is transformed into protein by ruminants; in hog and poultry production meat powder is a valuable byproduct of slaughterhouses. In cattle farming large amounts of corn stalks, straw, and oil-cakes can be utilized. Farms that feed agricultural byproducts more extensively produce a 1 kg weight gain with much less forage than average. By way of utilization of protein substituting byproducts, protein fodder imports have been successfully reduced from a 770 thousand tons in 1977 to 622 thousand tons by 1980 while meat production has increased.

5) Utilization of domestic protein and other fodder reduces production costs directly, increases the income of the producer, and improves the balance of foreign trade.

6) The extent of perishing of livestock also affects the utilization of fodder. For instance, the average rate of perishing of hogs is 27-28 percent on large farms, whereas for some private hog farmers this rate is below 10 percent.

The Evidence of "Scattering"

The perishing of poultry has increased in recent years from three to eight percent in large enterprises. This is one of the reasons why the utilization of fodder has improved onlytto a small degree in poultry production.

Of course, the efficiency of animal husbandry does not only depend on the utilization of fodder.

In an efficient large enterprise 5-6 thousand liters of milk is produced per cow yearly and 2.4-5.5 man hours are spent on producing 100 liters of milk; in an enterprise of lower level annual milk production per cow is 2-3 thousand liters of milk and work expended is 12-14 hours per 100 liters.

in hog farming efficient enterprises realize more than 2000 kg of pork from one sow with only 1200 kg in a weak enterprise.

A well producing dairy enterprise realizes three forints profit per liter as opposed to the two to three forints of loss for the weak enterprise. The profit of an efficient hog producing large enterprise is 7-10 forints per kg, while the loss of a weak enterprise is 4.17-6.16 forints per kg.

The "Scattering" data offerred here proves well that the planned 20 percent increase of livestock produ ·n through improvement of utilization of fodder seems to be rather modest.

9133
CSO: 2500/198

FOOD MINISTER DISCUSSES AGRICULTURAL PURCHASING PRICES

Warsaw ŻOŁNIERZ LUDU in Polish 18 Mar 81 p 3

[Interview with Prof Jan Zalewski, minister of food industry and purchases, by Stanisław Ożarek; date and place not given]

[Text] [Question] Farmers, who make up their minds how much and in which field they should raise crops, would like to know not only what quantities of seed, fertilizer, etc., they have at their disposal, but also what it will be, in this new situation, most profitable for them to raise, or, as some others say, with what they will be least out of pocket. Since the majority of agricultural raw materials is purchased by your ministry, we are asking you, for our readers, how much you intend to pay this year for particular items, and what policy of purchase prices you intend to adopt?

[Answer] Anyone who undertakes some work wishes to know if it will be worth his while. No wonder, therefore, that farmers, who just now are making up their minds about production, are desirous of knowing what will be most worth their while, that is they wish to know what purchase prices will be in the current year.

Recently much is said and written not only on the purchase prices of agricultural products but also about what price relations will be between agricultural products, means of production, services necessary to farmers and food articles. The purposeful purchase price policy must stimulate the production of crops which are most profitable in the light of world prices, such as industrial crops, beets, tobacco, hops, brewer's barley, flax, etc., and soft fruit, as, for example, strawberries. They should be always given preference, for they guarantee the highest foreign-exchange yield from a hectare.

Taking this into account, the government has already raised purchase price of sugar beet from the current year's harvest to 200 zlotys per quintal. Moreover, the beet suppliers will be entitled to buy 2 kg of unrationed sugar per ton of beets supplied. The purchase price of tobacco leaves from this year's harvest was raised on the average by 30 percent. The planters will be paid for delivery of tobacco leaves to the purchase point. The new prices for the hops purchase are 23-27 percent higher, depending on the grade of hop cones. Purchase prices of herb raw materials were raised by 30 percent by us.

At the same time, we should and will give preference to animal production. The adequately remunerative purchase prices of milk and cattle for slaughter will

ensure the production of grain and fodder, to be sure, under the stipulation that we won't stimulate it with government-subsidized funds from state quotas formed mainly from imported raw materials. We will thus depart from subsidizing funds, in order to bring about their paying production by farmers for profitable stock breeding.

Development of the production of our own funds will reduce their imports and ensure an increase in the consumption of meat at the same time. This is only a seeming contradiction. Our ministers will hasten to help breeders and this help will be considerable, for it will con sist chiefly of supplying protein-rich feed components in the form of high-protein concentrates, whose production will rise during the beginning 5-year period from 1 million to 2.5 million tons.

[Question] And what you intend to do with the purchase prices of grain, which is being marketed in some regions of the country at up to 1,000 zlotys per quintal. It cannot be that 1 kg of grain should cost as much as 1.5 kg of flour, or 2 kg of bread. In this situation, you will surely not be able to buy grain from Polish farmers.

[Answer] It is true that in many regions of the country the prices of grain in the traffic between farmers are high. But it is likewise true that we are currently buying a 1,000 tons of grain daily. In light of what I have said previously, a proposition that the only recourse lies in an increase in the purchase price is erroneous, for it would not stimulate a better structure and intensification of the cultivation of grain and fodder, but would increase the cost of cattle production for slaughter.

The proposition advanced by ZYCIE I WYWYCZYNOWIC, advocating the elimination from cultivation of barley, flax, horse beans, etc., and the increase in cultivation of grain, together with a considerable rise in purchase prices of the latter, is erroneous. By doing that, I would reduce the import of grain, but I need not only grain but also meat, which is considerably more expensive in the world markets. Horse beans are likewise needed for they contain plenty of protein, and their purchase price was set rather high in order to gather experience in how this new plant will acclimatize and behave under our conditions. And we cannot judge the purposefulness of their use from the example of Zulawy, where the wheat yield is high.

[Question] The question is the proper relation between the vegetable and animal production. We also know that it can be shaped only through prices and therefore the latter cannot be stable.

[Answer] And they will not be. I am speaking of basic principles of purchase-price policy.

[Question] Nevertheless, permit me, colleague Minister, to call your attention to the other side of the coin. The purchase prices of agricultural products are to guarantee not only the proper structure of agricultural production but also the adequate level of income of rural population.

[Answer] I have already said that purchase prices will be undergoing changes. They will be changeable so as to ensure an income per person in a farmer's family

similar to the income per person in a city family. That is, we will take care of the proper parity between the income of the agricultural and non-agricultural population, which for a long time has been unfavorable for the countryside and in the past year this situation worsened due to a very bad harvest and the purchase decline. We ought, therefore, to quickly analyze the marriage of the city and rural population and promptly bring them closer together.

(Question) The stable prices of many years standing and considerable wage increases in nonagricultural professions have caused a situation in which one would have to make an additional payment of about 200 billion zlotys to the agricultural population.

(Answer) It is difficult to establish now the amount of this sum. It is certain, however, that the sum is large, many times higher than has been obtained in purchase-price increases in November last year. However, I would like to stress that the living standards of farmers depend not only on the amount and prices of purchase. Parallel to purchase-price increase must go the adjustment of supply prices and adjustment of the relation between purchase prices and retail prices of foodstuffs. To be sure, this will require a simultaneous equalization of the incomes of consumers who, as is well known, live both in the cities and in the countryside. Therefore everyone should understand that these disproportions cannot be settled with one stroke of the pen but must be done by stages. In this staged approach, one should strive for having each elimination of an appropriation-in-aid settle some economic problem, for example, do away with wastage, or lead to market equilibrium. In my opinion, in the first place we should begin to do away with wastage in the grain-and-milling group of processed articles and in the group of milk and its processed articles.

(Question) However, I would like to call your attention to the fact that the government of the previous prime minister assumed an obligation not to increase the prices of foodstuffs until the end of August.

(Answer) The government committed itself under social pressure and under social pressure it can depart from this commitment. I think that, as regards the prices of milk and meat, it even should do so. We ought only explain competently to the society why it is really in everybody's true interest. I should even tell you that this matter is already under consideration by the government.

(Question) The sooner the government puts straight purchase prices and the relation between these prices and the prices of agricultural foodstuffs and the sooner it brings closer together the incomes of agricultural and urban populations, the quicker will it begin to remove from us the nightmare of lines and rationing cards.

(Answer) I agree, but I wish to warn you against stressing the color black in depicting agriculture and food industry. It is true that the supply of our market with meat and sugar is unsatisfactory, but it is also true that despite a very bad harvest in the past year the share of food industry products in deliveries of goods for market supplies has increased from 37.9 to 38.4 percent. And if we add to this semi-manufactured and agricultural raw materials for other industries, it will be seen that this underdeveloped and greatly criticized food economy gives to the market more than all others.

It is true that the import of feeds greatly burdens the foreign-trade balance. However, if we make a thorough calculation how much we had imported in 1979 of wheat, corn, barley, soya bean, rye, oats, sorghum, buckwheat, seed grain, rice, oil-meal, oleiferous seeds, oilcake, and feed meal, we find that all this amounts to only a little over 7 percent of a whole year's imports. Therefore I am not the minister who most fills the pockets of foreign producers. Would, therefore, the press distribute more justly its praises and invectives?

[Question] Since we are speaking of foreign trade, would you tell us why you are making society nervous by the export of meat even at a time when rationing cards are being introduced?

[Answer] I do not deny that we are planning to export 155,000 tons this year. The Ministry of Agriculture is to export 22,000 tons of live cattle, 25,000 tons of live horses, and 7,000 tons of sheep. The Central Union of Agricultural Cooperatives intends to export 16,000 tons of horse meat. My ministry plans to export 68,000 tons of meat and processed articles, including 38,000 tons of hams and shoulders, 10,000 tons of canned food, and 4,000 tons of bacon. To this will be added certain amounts of poultry, giblets, game, and rabbits. However, I wish to stress that at the same time we are importing this year 75,000 tons of veal, beef and pork, and also 60,000 tons of lard. And we must import feeds for which we have to pay with something.

The crops of grain, potatoes, beets, hay, and other fodder items planned this year ensure the consumption of meat at the level of 63 kg, that is at the level ensured at present by the ration card. Therefore, we must import feeds, although each import of them that ensures the increase of consumption by 1 kg costs $70 million. And we must quickly increase the crops for fodder if we wish to limit the import of grain or increase the consumption of meat over 63 kg per person annually.

[Thank] Thank you for the interview.

1813
CSO: 2600/174

RESULTS OF PRIVATE FARM SURVEY ON FARM SIZE, FUTURE

Zagreb AGRONOMSKI GLASNIK in Serbo-Croatian No 6, Nov-Dec 80 pp 753-766

[Article by Dr Vlado Puljiz, School for Study of Defects of Zagreb University]

[Text] Small landholdings are predominant in our private agriculture; they took shape in the era of rural overpopulation, when, as Mijo Mirkovic has written, no one could figure out how a peasant with so little could nevertheless get along. The size of our average private farm averages 3.5 hectares, and in addition it is broken up into many parcels.[1] As a consequence the peasant household cannot derive an adequate income from it. In our postwar development, in which society has been developing dynamically, the peasant household has been compelled to emerge from the limits of its autarkic subsistence economy and to explore new economic and social possibilities for progress.

Basically, there are three ways in which the peasant household can overcome the shortcomings of such a small and inadequate holding: 1) by adding to the land or by increasing production on the same land, 2) by remaining on the land while members of the household find employment off the farm, and 3) by abandoning the farm altogether. We can state that our private farmers have opted more for the latter two solutions, and the consequence has been a substantial decrease of the farm population. There have been few who have opted altogether for agriculture as an exclusive activity. This is to some extent understandable, since leaving the farm partially or altogether has been more attractive and has offered better prospects with respect to earnings, social security and indeed even political status.

This process has been involved in the rural population's changing attitude toward the landholding. It can be said that this holding has lost the privileged features of the sole source of existence, of the sacred and inalienable patrimony, and at the same time it has become involved in competition with other alternative ways of life which have opened up for rural inhabitants. Thus in opening up toward the total society, they have more and more discovered the shortcomings of the peasant holding. "The market exposes the failure of peasant labor," one researcher has penetratingly noted.

As we have said, the key shortcoming is the small size of the landholding which the peasant family possesses. It has a decisive effect on the private farmer's destiny. The second shortcoming of the peasant farm follows from the first, and lies

in the fact that it cannot afford social security to the tenants living on it, and they are forced to seek other solutions.

In our survey of private farms we turned our attention among other things to the attitude of rural inhabitants toward the size of the farm, that is, toward the kind of farm that could meet their present aspirations in terms of income and their standard of living. We were also interested in their attitudes and opinions on giving up and selling the farm.[2]

1. Attitudes Concerning the Necessary Size of the Farm

We proceeded, then, on the assumption that there is a certain hypothetical size of the farm which could fully employ the labor of the working members of the household, could ensure them adequate earnings, and could therefore relieve them of the need for off-farm employment.[3] In a specific search for that hypothetical farm size, in our survey we asked respondents from rural households: "In your judgment how large need a farm be today to guarantee a normal life for a peasant household?"

The pattern of the basic distribution of responses is shown here:[4]

Under 3 hectares	9.3%
3.01- 5 hectares	25.4%
5.01- 7 hectares	21.7%
7.01- 9 hectares	10.0%
9.01-11 hectares	23.8%
11.01 hectares or more	9.7%

The average size of the farm which the respondents indicated as desirable was about 8 hectares.[5]

Significant differences in the responses of the respondents occur from one republic or province to another (Table 1).

Table 1. Opinions of the Respondents on the Necessary Farm Size by Republics and Provinces

	Republic and Province								
Necessary Farm Size	Bosnia-Herzegovina	Montenegro	Croatia	Macedonia	Slovenia	Serbia Proper	Vojvodina	Kosovo	Total
Under 3 ha	13.1	10.7	8.6	8.4	2.1	11.8	3.4	8.6	9.3
3.01- 5	23.3	20.2	17.3	24.4	8.2	40.5	13.2	18.5	25.4
5.01- 7	17.9	9.5	21.9	18.9	7.3	19.3	44.2	21.9	21.7
7.01- 9	12.3	10.7	13.8	11.2	5.6	6.5	10.2	14.6	10.0
9.01-11	25.3	33.3	20.6	32.1	29.2	18.9	26.1	31.1	23.8
11.01 ha or more	6.1	15.5	17.8	5.2	47.2	3.0	2.9	5.3	9.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
N =	604	84	617	249	233	1,083	441	131	3,462

Chi square = 897,696; df = 35; p = 0.001; C = 0.496

Respondents in Slovenia put forth the largest average holding (nearly 11 hectares). In Slovenia more than three-fourths of the respondents expressed the opinion that the average farm should be larger than 9 hectares, and half thought that it must be larger than 11 hectares. Respondents from Serbia proper favored the smallest average holding (slightly under 7 hectares), but more than half of them thought that at least 5 hectares of land were needed to support the average peasant household. It is a little surprising that the respondents from Vojvodina do not insist on larger farms, and that they refer to a holding smaller than that in Kosovo (more than 8 hectares). One reason it probably has to do with the number of members of the household and their average age, these being highest in Kosovo and lowest in Vojvodina.

Another reflection is evoked by the figures obtained on the size of the holding which would ensure a solid living for a peasant household. Whereas the size of our average farm is about 3.5 hectares, and the average peasant household derives more than half of its income from off the farm, then the "enlargement" of the average holding favored by the respondents to some extent justifies precisely those off-farm earnings, which it "translates" into land. In other words there is a correlation between the off-farm income of the private farm and the opinion expressed by the respondents concerning the necessary size of the farm. Instead of adding to their land, our peasant households predominantly choose off-farm income; the off-farm earnings represent the main direction of their economic expansion. There are very few private farms which opt for "agricultural expansion." Even those which show expansiveness in production usually do so in other ways than by adding to their land--by intensifying production on the existing land, by investing in animal husbandry, by investing in "agriculture without land," and the like.

We therefore think that fears of private farms growing beyond the maximum are unjustified, for the simple reason that it is very expensive and risky for the farmer. Even if society should decide in favor of what is referred to as the family farm, this would have to be paid for with very high subsidies. This is confirmed by the expensive "viable farm" policy in western Europe.

It would probably take us decades to reach the average farm size in western Europe. We therefore cannot follow the paths of the advanced capitalist countries in farm development. We need a much faster transformation of the distribution of farms by size, and this can be achieved through socialization and association between private land and other production capabilities.

The respondents on mixed farms [farms, that is, with both farm and nonfarm income--translator's note] felt that a larger holding was necessary than the respondents on farms with income only from farming. We find the reverse situation in Croatia, Macedonia and Vojvodina. A similar opinion was expressed by respondents in Serbia proper, while everywhere else the respondents in mixed households favored a larger holding than respondents in households confined to farming.

It is difficult to explain the difference in opinion between the two groups of respondents. We can only guess that it is perhaps because in their answers the respondents project the situation of their own households. That is, the mixed households have more members, and they need more land, they have greater aspirations as to income, standard of living and the like.

Differences in the opinions of the respondents with respect to the necessary farm size differ from farming region to region. Respondents in the mountain and Mediterranean regions favored a larger holding, those in the hilly regions a smaller holding, and respondents in the plains were in the middle between them.

Table 2. Opinions of Respondents on the Necessary Farm Size by Farming Regions

Necessary Farm Size	Farming Regions				
	Plains	Hills	Mountains	Mediterranean	Total
Under 3 ha	5.0	10.0	9.6	12.5	9.3
3.01- 5 ha	14.7	32.4	21.9	22.8	25.4
5.01- 7 ha	38.4	19.2	16.5	15.1	21.7
7.01- 9 ha	10.5	9.0	12.3	7.1	10.0
9.01-11 ha	24.5	19.1	29.7	28.5	23.8
11.01 ha or more	6.0	10.3	9.9	14.1	9.7
Total	100.0	100.0	100.0	100.0	100.0
N =	648	1,594	908	312	3,462

Chi square = 239,353; df = 15; p = 0.001; C = 0.314

Only in the plains region did the respondents on farms with income only from farming express the opinion that a larger holding was needed. The greatest difference in opinion between the two groups of respondents to the advantage of those from mixed households occurred in the hilly region.

How does the actual farm size affect the attitude concerning the necessary size of the farm? We present the basic distribution of the data in Table 3.

Table 3. Opinions of Respondents on the Necessary Farm Size and Actual Farm Size

Necessary Farm Size	Actual Farm Size					
	Under 1 ha	1.01-3	3.01-5	5.01-8	8.01 or more	Total
Under 3 ha	20.2	9.9	4.1	1.0	--	9.2
3.01- 5 ha	29.3	31.4	22.5	13.0	6.2	25.5
5.01- 7 ha	19.0	22.2	26.2	19.3	16.3	21.9
7.01- 9 ha	6.9	9.9	11.4	13.0	6.2	9.9
9.01-11 ha	18.2	20.1	26.2	34.1	42.6	23.8
11.01 ha or more	6.4	6.5	9.7	19.1	28.7	9.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
N =	714	1,350	783	461	129	3,437

Chi square = 427,144; df = 20; p = 0.001; gamma = 0.320

A positive correlation exists between the actual size of the farm on which the respondents live and the size of the holding which they consider necessary to maintain the existence of the average household. This seems natural to us, since in

expressing their opinion the respondents as a rule start with the conditions in which they themselves live.

In tracing differences between the mixed households and pure farm households we compared the opinions of the two groups of respondents with respect to this indicator (farm size) as well.

It turned out that the correlation between actual farm size and the opinion concerning the necessary farm size is stronger in the case of the purely agricultural households.

The greatest gap in opinion was between the two categories of heads of household with smaller farms. That is, respondents from the smallest mixed farms thought that the average holding should be about 7.5 hectares, while respondents from the smallest farms confined to farming thought that it should be about 6.5 hectares. Probably this is a reflection of the correlation previously mentioned between the amount of off-farm income and the projected enlargement of the holding to its necessary size.

Differences very similar to those just presented occur when data on the economic strength of the farms studied is cross-tabulated with the opinions of the respondents on the necessary farm size.

Here again, with minor modifications, we could repeat the commentary furnished for Table 3. There is an obvious correlation between the ranking on the basis of economic strength and the opinion concerning the necessary farm size.

The household's standard of living and the respondent's opinion on the necessary farm size are definitely, but less firmly, correlated than is the case with the economic strength of the farm (Table 5).

Table 4. Respondents' Opinions on Necessary Farm Size and the Economic Strength of Their Farm

	Ranking of Farm by Economic Strength					
Necessary Farm Size	1	2	3	4	5	Total
Under 3 ha	19.1	9.3	4.5	1.8	1.4	9.2
3.01- 5 ha	31.0	30.2	23.5	14.9	11.2	23.5
5.01- 7 ha	20.6	23.0	22.6	23.2	18.1	21.9
7.01- 9 ha	7.2	9.6	12.4	13.9	8.6	9.9
9.01-11 ha	16.5	22.5	25.0	29.2	38.5	23.8
11.01 ha or more	5.6	5.7	11.9	22.1	22.1	9.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
N =	843	1,246	603	397	348	3,437

Chi square = 411,895; df = 20; p = 0.001; gamma = 0.325

Respondents from households with the poorest supply of equipment put the necessary farm size somewhere around 6 hectares, while those from richer households put it slightly under 9 hectares.

Table 5. Respondents' Opinions on Necessary Farm Size and the Standard of Living of Their Household

Necessary Farm Size	Ranking of Households by Standard of Living 1	2	3	4	5	Total
Under 3 ha	21.8	11.3	9.4	7.5	6.5	9.3
3.01- 5 ha	30.3	34.9	27.2	21.0	18.2	25.6
5.01- 7 ha	21.8	18.8	21.3	24.2	23.1	21.8
7.01- 9 ha	7.7	9.5	11.6	9.3	8.5	10.0
9.01-11 ha	1.4	5.4	7.0	12.2	15.9	9.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
N =	142	557	1,335	599	698	3,332

Chi square = 163,452; df = 20; p = 0.001; gamma = 0.198

We should mention in conclusion two other indicators concerning the opinions of respondents concerning the necessary farm size:

i. a negative correlation was established between the level of the settlement's socioeconomic development and the opinion concerning the necessary farm size (gamma = - 0.209). In more highly developed settlements the respondent shows a smaller farm size and in the less developed settlements a larger size;

ii. a weak correlation was established between the occupation of the master of the house in mixed households and the opinion concerning the necessary farm size (C = 0.202).

2. Attitudes on Relinquishing and Selling the Landholding

We ascertained the attitude of the respondents toward the landholding in two ways: first by asking the respondents' position on what it is best for an old (sick) peasant to do with his land when he can no longer cultivate it, and second, by asking the respondents whether if the terms were favorable they would sell part or all of their land.

In the first case the respondents were subjects on all the farms surveyed, and among them we put the heads of households separately.

In the second case the respondents consisted of approximately the same number of full-time farmers and peasant-workers [peasants who remain on their farm after taking employment off the farm--translator's note] on the farms surveyed.

a) Relinquishing Landholdings and the Social Security of Private Farmers

It was our premise that the attitude toward the landholding of private farmers and other owners of farmland would be indicated by data on how the respondents assess what should be done with that land in order to obtain insurance against old age and illness.

There are several ways of relinquishing a landholding whereby rural inhabitants make provision for old age. These methods can provisionally be classified as either traditional, when security is bought through a transfer of property within the family, and modern methods, whereby the land is "traded for security" either on the market or in some other manner with some outside party (sale, rent).

The traditional method of caring for old peasants by and large involves occupancy of real estate. As a rule the land and buildings were taken over by the children, who in turn cared for their parents. Ownership of the land, as the basic resource from which existence was derived, was insurance against old age. There also existed the possibility of komencija, i.e., turning the farm over to relatives or neighbors in exchange for their commitment of support. Especially in the recent past old peasants have been selling all or part of their land and living off the proceeds. In addition, certain agricultural organizations, and indeed other social entities, have been granting old peasants a certain monthly compensation of money for land they have relinquished. It is true that this practice is not widespread, but it is pushing more and more into the foreground.[6]

What do people living on private farms think about these forms of insurance? What sort of solutions do they prefer for guaranteeing their support when they grow old? What sort of differences on this matter occur between the respondents belonging to our two categories of farms: mixed and purely agricultural? Taking this up in our survey, we put the following question:

"In your opinion what is best for a peasant when because of age or illness he is no longer able to cultivate his holding, and is living on it alone?"

The basic distribution of the responses of all the subjects was as follows:

1.	To sell the land and remain with the land around the house	3.9%
2.	To sell the land and move in with children or relatives	4.6%
3.	To move in with another family or in the old people's home	2.8%
4.	To turn the land over to heirs, who will see to his support	54.3%
5.	To give the land to some other peasant in exchange for support	2.2%
6.	To give the land to the socialized sector in exchange for support for the rest of his life	23.1%
7.	Some other method	2.3%
8.	I have not thought about this	7.5%

The answers, then, polarize around two procedures: 1) more than half of the respondents expect old peasants to be cared for by their children, and 2) slightly less than one-fourth of the respondents feel that the land should be turned over to social entities, which in return must give the old peasants rent to support them for the rest of their lives. It is a bit surprising that so many favor this method of insurance for old peasants. This indirectly indicates that the land is being perceived less and less as sacred patrimony and more and more as a good which is exchanged for other values, and above all that the exchange for social and economic security is desirable.

Sale of the land as a method of insurance against old age (responses 1 and 2) was mentioned by 8.5 percent of those surveyed, and solutions with other families and

the old people's home (responses 3 and 5) were rarely mentioned (4.2 percent of the respondents).

Table 6. Opinions on Relinquishment of the Land and on the Form of Insurance for Old Peasants by Republics and Provinces

Opinion on the Form of Insurance for Old Peasants	Bosnia-Herzegovina	Montenegro	Croatia	Macedonia	Slovenia
Selling the land and keeping the land around the house	6.8	17.8	4.5	1.1	2.2
Selling the land and moving in with relatives	6.8	16.8	5.6	0.8	2.9
Moving in with another family or to the old people's home	2.0	8.9	2.1	1.9	0.7
Turning the land over to heirs who will support them	60.5	13.9	49.2	73.3	75.5
Turning the land over to another peasant in exchange for support	1.9	1.0	3.2	0.4	5.0
Turning the land over to the socialized sector in exchange for support	13.0	34.7	26.5	12.6	6.1
Something else	1.5	0.0	1.6	2.7	3.2
Have not thought about this	7.5	6.9	7.5	7.3	4.3
N =	808	101	1,005	262	278

Opinion on the Form of Insurance for Old Peasants	Serbia Proper	Vojvodina	Kosovo	Total
Selling the land and keeping the land around the house	3.4	0.2	1.2	3.9
Selling the land and moving in with relatives	4.1	1.0	4.6	4.6
Moving in with another family or to the old people's home	2.1	1.7	1.7	2.0
Turning the land over to heirs who will support them	59.4	24.5	70.5	54.3
Turning the land over to another peasant in exchange for support	2.3	0.2	2.9	2.2
Turning the land over to the socialized sector in exchange for support	20.4	56.2	6.9	23.1
Something else	1.2	7.4	1.2	2.3
Have not thought about this	7.1	9.4	11.0	7.5
N =	1,149	511	173	4,287

Chi square = 844,139; df = 49; p = 0.001; C = 0.431

The distribution of the responses by republics and provinces shows quite a bit of variation (Table 6). If we single out the two most important methods--that involving the heirs (response 4) and that with the socialized sector (response 6), we find that the former predominate in all republics and provinces except Montenegro and Vojvodina.

It is interesting that the respondents in Slovenia favor to a higher extent what we might call this private-property solution to the social security of old peasants.[7] On the other hand the respondents in Vojvodina mostly felt that it was best to turn the land over to the socialized sector in exchange for support. There are also quite a few such responses in Montenegro, but on an overall basis there were still more responses in which preference was given to selling the land and moving in with children, other families or going to he old people's home.

Since this regional characteristic proved to be rather discriminatory, we will give the data by farming regions. In so doing we have singled out the responses of subjects who were heads of households and have separated those in mixed households from those in purely agricultural households.

In the first farming region, then, the respondents were more inclined to solving the problem of elderly peasants by relinquishing the land to the socialized sector than by turning the land over to heirs. In the other three regions the situation did not differ essentially; the respondents preferred by far to turn the land over to their children or other direct descendants.

It turned out that there were no significant differences in the opinions of heads of households in the mixed and purely agricultural farms concerning the manner of social security of elderly peasants in the hilly, mountain and Mediterranean regions. The difference was significant only in the plains region. Here the heads of household in mixed households were appreciably more inclined to turn the land over to the socialized sector than heads of households in purely agricultural farms, and at the same time they were less inclined to mention protection against old age through heirs.

We did not establish any very significant correlation between the opinions of respondents on the method of insuring against old age through the landholding with the other features which were used in this analysis.

Nor did there exist any very noticeable difference between the heads of households of the two categories of farms. Nevertheless, turning our attention to the opinions of respondents on all farms, we will mention certain notable differences:

i. respondents in settlements at a higher level of socioeconomic development were more inclined to the solution of insuring against old age through social economic entities than those in settlements which were less well developed (the large and advanced settlements in the plains region probably had an impact on this);

ii. the respondents on the larger and better equipped farms gave a certain preference, though not so pronounced, to the private-property solution over the solution to the problem of elderly peasants involving the socialized sector. Their property is greater, their status based on private ownership is firmer, and to that extent they believe more in the traditional method of arranging the social security of the elderly;

iii. respondents in households with a higher standard of living were more in favor of relinquishing the land to the socialized sector;

iv. the same can be said of the younger and better educated respondents and respondents who are peasant-workers than those who are private farmers.

Table 7. Opinion of Heads of Households on the Mixed and Purely Agricultural Farms Surveyed Concerning Relinquishment of the Land and the Manner of Support of Elderly Peasants by Farming Regions

Opinion of Method of Support of Elderly Peasants	Farming Regions: Plains	Hills	Mountains	Mediterranean	Total
Head of household on mixed farms*					
Selling the land and retaining the land around the house	0.3	4.7	6.5	6.4	4.8
Selling the land and moving in with relatives	0.6	5.5	6.5	6.9	5.2
Moving in with another family or into the old people's home	1.7	1.5	2.7	3.6	2.2
Turning the land over to heirs who will support them	21.5	60.6	60.4	60.1	54
Turning the land over to another peasant in exchange for support	0.6	3.7	2.2	2.5	2.6
Turning the land over to the socialized sector in exchange for support	63.5	17.6	14.9	16.3	24.1
Something else	5.4	1.5	1.1	0.6	1.9
Have not thought about it	6.0	4.8	5.7	3.6	5.1
N =	349	805	632	361	2,147
Head of household on purely agricultural farms**					
Selling the land and retaining the land around the house	0.0	3.8	4.3	2.6	3.0
Selling the land and moving in with relatives	1.5	4.0	4.9	1.7	3.5
Moving in with another family or into the old people's home	1.2	1.5	2.4	3.4	1.8
Turning the land over to heirs who will support them	33.8	59.0	58.4	71.8	54.7
Turning the land over to another peasant in exchange for support	0.6	3.2	1.8	1.7	2.3
Turning the land over to the socialized sector in exchange for support	47.7	19.9	12.8	12.0	22.7
Something else	5.8	2.3	3.3	1.7	3.2
Have not thought about it	13.2	6.4	12.2	5.1	8.9
N =	325	825	329	117	1,596

* Chi square = 443,829; df = 21; p = 0.000; C = 0.497.
** Chi square = 181,320; df = 21; p = 0.000; C = 0.388.

b) Inclination to Sell the Land

The question with which we established the inclination of the respondents to sell their land was as follows: "If someone offered you a good price for your land, would you sell it?"

The question was answered by respondents employed off the farm and by full-time farmers.

Table 8. Opinions of Peasant-Workers and Full-Time Farmers on Selling Their Land

Would You Sell Your Land (if a good price is offered)?	Peasant-Workers	Full-Time Private Farmers	Total
No	78.6	82.2	80.3
Yes, part of it	13.3	10.5	12.0
Yes, all of it	8.1	7.3	7.7
N =	1,767	1,723	3,490

About one-fifth of all the respondents indicated an inclination to sell part or all of their land assuming favorable terms.

In the tables below we will be dealing with the responses of those respondents who were at the same time heads of households in the households surveyed. They were more numerous among full-time farmers than among the peasant-workers.

Heads of households in Croatia showed the greatest inclination to sell their land (71.9 percent [responding "no"]), and those in Slovenia the least inclination (88.1 percent).

There were also differences between the two categories of heads of households, but in certain republics and provinces the number of respondents was small, and a comparison was not advisable.

There were certain differences in the inclination to sell the land between the plains region (24.8 percent of the respondents were inclined to sell their land) and the other three farming regions (17.7 percent were inclined to sell it in the hilly region, 19.2 percent in the mountain region, and 19.9 percent of the respondents in the Mediterranean region).

On an overall basis there was no systematic correlation between the size of the farm and the inclination to sell the land.

This correlation, however, did exist with the peasant-workers who were heads of households. That is, those with larger farms were more inclined to sell the land than those with smaller ones. Among the former were quite a few for whom cultivating a part of the land probably is already a problem and they would like to reduce the farm to an "appropriate" size.

As for heads of households who are full-time farmers, these differences did not exist with respect to the size of the farm.

Table 9. Opinion of Heads of Households on Selling the Land, by Republics and Provinces

Would You Sell Your Land if a Good Price Were Offered?	Republics and Provinces								
	Bosnia-Herzegovina	Montenegro	Croatia	Macedonia	Slovenia	Serbia Proper	Vojvodina	Kosovo	Total
All heads of households*									
No	81.7	75.0	71.9	83.1	88.1	83.3	81.8	83.0	81.2
Yes, part of it	13.0	25.0	16.6	12.5	7.9	8.9	6.4	15.0	11.1
Yes, all of it	5.3	0.0	11.5	4.4	4.0	5.8	11.7	2.0	7.7
N =	454	40	474	160	101	719	358	100	2,406
Peasant-worker heads of households**									
No	81.8	80.0	74.6	76.3	84.6	82.9	78.1	71.4	79.4
Yes, part of it	11.9	20.0	13.8	18.6	7.7	11.4	7.7	25.0	12.3
Yes, all of it	6.3	0.0	11.6	5.1	7.7	5.7	14.2	3.6	8.2
Heads of households who are full-time private farmers***									
No	81.5	66.7	70.7	87.0	90.3	82.6	84.7	87.3	82.4
Yes, part of it	14.9	33.3	14.8	9.0	8.1	7.9	5.4	11.3	10.3
Yes, all of it	3.6	0.0	14.5	4.0	1.6	5.9	9.9	1.4	7.3
N =	168	15	290	100	67	542	202	71	1,450

* Chi square = 80,028; df = 14; p = 0.000; C = 0.232.
** Chi square = 27,384; df = 14; p = 0.018; C = 0.217.
*** Chi square = 10,474; df = 8; p = 0.234; C = 0.116.

We should also say that the personal characteristics of the heads of households, such as age and level of education, did not influence their attitudes on selling the land (C = 0.078 and C = 0.126, respectively).

We can say in conclusion that about one-fifth of the respondents indicated an inclination to sell their land on favorable terms. They were most numerous in Croatia and in the first farming region. Peasant-workers were somewhat more inclined to sell than full-time private farmers, and among the former those with largest farms were more inclined to sell.

Table 10. Opinions of Heads of Households on Selling Their Land Cross-Tabulated With the Size of the Farm

Would You Sell Your Land if a Good Price Were Offered?	Farm Size: Under 1 ha	1.01-3 ha	3.01-5 ha	5.01-8 ha	8.01 ha or More	Total
All heads of households*						
No	82.3	81.1	77.3	79.7	81.8	80.4
Yes, part of it	9.7	11.7	12.9	14.5	12.4	11.9
Yes, all of it	8.0	7.2	9.7	5.8	5.8	7.7
N =	752	1,392	780	428	121	3,473
Peasant-worker heads of households**						
No	83.8	78.0	74.1	63.9*****	--	79.3
Yes, part of it	8.6	12.9	12.6	30.5	--	12.4
Yes, all of it	7.5	9.1	8.3	5.5	--	8.3
N =	371	418	108	36	--	933
Heads of households who are full-time private farmers***						
No	80.0	84.9	79.2	83.3	84.7	82.5
Yes, part of it	11.2	9.3	11.2	11.0	6.9	10.2
Yes, all of it	8.8	5.8	9.6	5.7	8.3	7.3
N =	170	548	394	264	72	1,448

* Chi square = 14,902; df = 8; p = 0.060; C = 0.089.
** Chi square = 24,870; df = 6; p = 0.001; C = 0.207.
*** Chi square = 9,082; df = 8; p = 0.35; C = 0.108.
**** Because of the small number of respondents, we lumped together the last two farm-size categories (5.01-8 hectares and 8.01 hectares and more).

Conclusion

What can we say in conclusion about the results of the survey which we have analyzed above? By and large they confirm our initial propositions concerning the crisis of the private farm and lead us to reflect about the need for changes in the farm pattern with respect to size.

That is, it is evident that the peasant household regards our average landholding to be inadequate for a standard of living that is appropriate to present conditions and is therefore seeking other patterns of existence, among which what is called "mixed" income has an important place. Further, the land does not furnish the peasant family social security, and therefore many peasants are willing to relinquish it if they can obtain that security. The inclination to sell the land also indicates adaptation of the sense of property. In the search for a new economic equilibrium the peasant household is turning away from the land to a fair extent.

The problem of expanding socialized landholdings and of forming associations of private farmers is therefore coming into the foreground, since only in this way is it possible to arrive at larger and economically efficient production units in agriculture. The socioeconomic changes which have already taken place in our rural areas actually need to be reflected in this new production structure.

FOOTNOTES

1. Our private farm is one of the smallest in Europe. The average size of the family holding in the West European countries in 1972 was as follows: West Germany--11.7 hectares, France--21.0 hectares, Italy--7.7 hectares, the Netherlands--13.0 hectares, Belgium--11.6 hectares, Luxembourg--19.4 hectares, Great Britain--57.4 hectares, Ireland--17.7 hectares, and Denmark--20.6 hectares. Source: "La France et son agriculture," Chambres d'Agriculture, Paris, 1975.

2. The survey was conducted in 1976 by the Center for Rural, Urban and Land-Use Sociology of IDIS [expansion unknown], Zagreb. The sample covered 4,339 rural households (private farms) in all our republics and provinces. The results have been presented in an extensive study entitled "Mjesovita gospodarstva i seljaci-radnici u Jugoslaviji" [Mixed Households and Peasant-Workers in Yugoslavia]. The survey was directed by Vladimir Cvjeticanin, Edhem Dilic and Vlade Puljiz.

3. Our agricultural economists attempted even before the war, with surveys and in other ways, to determine that farm size above which it is adequate for maintaining the average peasant family. Thus Avramovic and Dubic thought that it was 5 hectares, Melik 6 hectares, and Bicanic between 0.57 and 1.44 hectares of land per member of the household. On this, see: M. Avramovic, "Nase seljacko gazdinstvo" [Our Peasant Farm], Stanparija "Sveti Sava," Belgrade, 1928, p 40; S. Dubic, "Prilog istrazivanju seljackog gospodarstva" [Contribution to Study of the Peasant Farm], Vlastita naklada, Krizevci, 1933, p 18; A. Melik, "Slovenija I" [Slovenia I], Slovenska Matica, Ljubljana, 1963, p 491; R. Bicanic, "Agrarna prenapucenost" [Rural Overpopulation], Gospodarska sloga, Zagreb, 1931, p 14.

   We recall, however, that the average peasant household at that time had five members, and now has less than four members.

4. Respondents on all the farms surveyed answered the question. However, we omitted from the tabulation those respondents who did not choose (response "I have not thought about this"). That left 3,462 respondents.

5. We remind the reader that in our previous research we established that the desirable average farm size was slightly under 7 hectares ("Drustvene promjene u selu" [Social Changes in Rural Areas]), Center for Rural, Urban and Land-Use Sociology of IDIS, Zagreb, Yugoslav Center for Agriculture and Forestry, Belgrade, Djuro Salaj Worker University, Belgrade, 1974, p 185.

6. Of course, we are not referring here to old-age pensions for private farmers, which is the only complete solution in providing security for elderly peasants. As we said at the outset, we were interested rather in the attitude toward the land and the farm.

   Incidentally, there is a substantial literature on the very status and problems of elderly peasants as well as on the problem of old-age pensions for them, and among the other items we would call attention to the entire issue devoted to this topic of SOCIOLOGIJA SELA [RURAL SOCIOLOGY], No 37-38, 1972.

7. Perhaps this is in part a result of the fact that private farmers in Slovenia have already obtained a certain pension, though not a large one, and they are less interested in relinquishing the land to entities in the socialized sector.

7045
CSO: 2800

END

END OF FICHE

DATE FILMED

May 15, 1981

B